UNITED
NATIONS

DP

Governing Council
of the United Nations
Development Programme

Distr.
GENERAL

DP/1990/SR.26
9 August 1990

ENGLISH
Original: FRENCH

GOVERNING COUNCIL

Thirty-seventh session

SUMMARY RECORD OF THE 26th MEETING

Held at the Palais des Nations, Geneva,
on Friday, 8 June 1990, at 3 p.m.

President: Mr. POPESCU (Romania)
later: Mr. BABINGTON (Australia)

CONTENTS

High-level segment: policy review (continued)

Programme planning

(c) Preparations for the fifth programming cycle and net contributor status

This record is subject to correction.

Corrections should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent within one week of the date of this document to the Official Records Editing Section, room E.4108, Palais des Nations, Geneva.

Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

GE.90-61533/2227B

best copy available

The meeting was called to order at 3.05 p.m.

HIGH-LEVEL SEGMENT: POLICY REVIEW (continued)

1. Mr. SENE (Observer for Senegal) said that, at the threshold of the 1990s, UNDP faced many even more formidable challenges than during the previous decade. As the most recent report of the Economic Commission for Africa emphasized, most of the socio-economic indicators in Africa had declined between 1980 and 1989: per capita income, gross fixed capital formation, volume of imports, commodity prices, unemployment and indebtedness had all fallen. At the recent summit conference in Kuala Lumpur (Malaysia), the South-South Consultation and Co-operation Group had also made the point that, despite the sustained growth of international trade and world production over several years, the great majority of developing countries had stagnated or regressed during the 1980s.

2. In those circumstances, his delegation considered it vital greatly to increase UNDP's resources for the fifth programming cycle. He appealed to potential donors to ensure that UNDP had at least sufficient resources to maintain the indicative planning figures (IPFs) for the fourth programming cycle in real terms. His delegation endorsed the views of the delegation of Switzerland regarding the guiding principles for allocating programmable resources for the fifth cycle.

3. Furthermore, as the African ministers of development planning had said in 1988 and 1989, UNDP should ensure increased funding through resources other than those it had to allocate to basic activities. That would enable it to strengthen its co-ordinating role and support capability and reduce the channels for providing aid within the United Nations system. To marshal those new resources, the Programme should organize joint programming with the other United Nations agencies and bilateral partners.

4. During the fifth cycle also, the effectiveness of country programming should be improved in a real spirit of partnership. In order to do so, country programmes should focus on a few priority sectors and projects which could have a particularly strong impact; at the regional level, national leaders should be trained in UNDP policies and economic management activities, and to an increasing extent projects should be executed directly by Governments; non-governmental organizations (NGOs) should be involved more widely in project execution and in order to improve the project preparation and approval process, the co-ordinating role of resident representatives should be reinforced, together with the operational and technical capacity of field offices; lastly, UNDP should draw more and more on the skills of national experts. The main thrust of any action should essentially be to promote the private sector, environmental protection, population control, integration of women in development and co-operation among developing countries. If those conditions were satisfied, UNDP could really attain the ultimate goal of development which, as the representative of the Netherlands had said, should be "development of man, by man and for man".

5. During the present session, UNDP should also take decisions on two essential aspects of its future work. The first, the transfer of project execution to Governments, was an option that his delegation supported unreservedly. However, the process should be gradual and its pace geared to the development management capabilities of each country. The time-limit set should therefore be reconsidered, because 1992 seemed too close.

6. The second aspect concerned the reimbursement of support costs to executing agencies. On that score, his delegation agreed with the delegation of France that the solution lay in replacing the project approach by the programme approach. The programme-centred approach would ensure real savings of resources and harmonize the work done within each sector. Such an option would undoubtedly involve certain costs, and efforts would have to be made to mitigate its adverse effects.

7. Mr. TOUKAN (Observer for Jordan) said it was beyond dispute that UNDP promoted the development of third-world countries. The aid that Jordan had received, particularly in the form of transfer of technology, though small, had boosted the country's development. During the fourth cycle, UNDP would have contributed to the funding of a good 30 projects, including the development of human resources and also covering production, science and technology, as well as the exploitation of natural resources.

8. In preparation for the fifth programming cycle, the Jordanian authorities, together with the UNDP Resident Representative in Amman, had carryied out a mid-term review in order to determine whether, in the light of the changes that had taken place in Jordan, the goals set at the start of the previous cycle were still valid and whether they could serve as the basis for new priorities. It had turned out that those sectors which had received UNDP assistance during the fourth cycle were still priority areas and that the various programmes and projects were being executed satisfactorily. However, a number of administrative measures were required, such as the formulation of a genuine development strategy for science and technology and the establishment of an institutional framework in the key sector of water. The priorities needed to be modified, in particular in order to remedy joblessness among qualified people and to adjust supply and demand on the job market, or to speed up production, so as to generate a better import-export balance.

9. His Government hoped that UNDP would raise the IPF allocated to it, since the mid-term review had shown that some of the projects adopted at the beginning of the cycle had not been implemented for lack of resources. Furthermore, despite its present financial difficulties, Jordan intended to maintain the level of its voluntary contribution. It sometimes contributed the entire cost of a project, and unreservedly supported the view that recipient countries should be able to play an active part in project execution.

10. Referring to the situation in the developing countries as a whole, he agreed that the overall picture was a negative one: socio-economic problems had worsened as the debt burden had grown heavier, and debt servicing was overwhelming. The decline in foreign and national investment was reducing earnings and accentuating balance-of-payments deficits. Furthermore, a large number of developing countries had adopted a structural adjustment programme which was in the short term causing their currency to decline in value, and the financial austerity which had become a necessity was inevitably leading to a reduction in social and economic expenditure, whereas the market mechanisms only began to produce tangible results after a rather long time. Consequently, in the short run, structural adjustment triggered more unemployment and created new pockets of poverty. The United Nations system should shoulder responsibility for some of the necessary remedial measures.

11. For example, structural adjustments seriously eroded per capita income, which was the most important criterion used in setting IPFs. Logically,

therefore, the volume of resources allocated to countries through the IPFs should be increased for the fifth cycle. However, the parameters used were often the averages established over a two-year period, which made no allowance for any recent devaluation of the currency in relation to the dollar, and the increase in resources allocated was curbed accordingly. Similarly, certain relative inflation indicators were disadvantageous to countries which, in 1987 and 1988, had shown inflation below that of the United States. Other countries would be in an unfavourable position because their share of IPFs which was set on the basis of the supplementary criteria would be lower than it should be. For those practical reasons, the Administrator should revise the method of calculating IPFs.

12. For several years, the countries of the Arab region had appreciated the value of regional co-operation for development, as demonstrated by the establishment of an economic union between Egypt, Yemen and Jordan, and the creation of the Co-operation Council for the Arab States of the Gulf. Those groups represented a step towards genuine economic integration. But external aid was still essential for them and, there again, he hoped that UNDP would take needs into account.

13. Development planning would never be perfectly satisfactory in the region as long as the Palestinian people was unable to exercise its right to self-determination. He earnestly hoped that the Governing Council would authorize the Administrator to increase the volume of resources earmarked for the Palestinian people.

14. Mr. DRAPER (Administrator, UNDP) summed up the general debate and the guidelines for UNDP action that had emerged from it.

15. There was no doubt that the Governing Council was unanimous in acknowledging the need to rethink development and give it direction, not only from the standpoint of economic growth, but also from that of the everyday life of the individual. The need to make the operational activities of the United Nations development system more effective and to improve their quality was no longer in dispute.

16. After 40 years of multilateral technical co-operation, genuine progress had indeed be made, but vulnerable groups had also been created - women, unemployed young people and children. Consequently it was more essential than ever to invest in human resources. He thanked delegations for having complimented UNDP on the publication of the "Human Development Report, 1990"; some had already offered to contribute to the human development policy analysis and the identification of methodologies for its measurement.

17. Many delegations had contributed to the clarification of UNDP's socio-economic objectives for the years ahead. The Programme's objectives and mandates were particularly relevant in the context of Africa. Many speakers had endorsed UNDP's plan to continue assisting African countries in strengthening their economic management capability and acquiring the requisite institutional capacity to undertake the necessary administrative reforms. That was a long-term task which needed to be carried out more urgently in the least developed countries.

18. Referring to the issue of the environment, he welcomed the recognition of UNDP's role and of the need for international co-operation in that area. The

Secretary-General of the United Nations Conference on Environment and Development had emphasized the important role being played by the UNDP resident representatives in preparing for the Conference.

19. Delegations had paid special attention to the need, in all UNDP activities, to take account of women and their potential role, especially in programmes to alleviate poverty and the social costs of adjustment. Several delegations had emphasized the importance of NGO activities and had welcomed UNDP's support for them. Many had restated their support for TCDC and for the United Nations Volunteers Programme. A number of delegations had welcomed the increasing attention paid by UNDP to strengthening the role of the private sector as a catalyst for growth.

20. As to preparations for the fifth programming cycle, there were differences of view on the likely level of increase in general resources, but there was undoubted unanimity regarding continuing and increasing needs in the developing countries for additional technical co-operation. With the daunting list of needs and problems to be solved, he regretted the lack of certainty regarding the real growth of the Programme's resources, although virtually all delegations had emphasized that they needed to be increased. Several delegations had linked that question to that of confidence in the quality of UNDP's programmes. In his opening statement, he had drawn the Council's attention to the fact that UNDP's methods of managing programme and project execution and the total support system that facilitated that delivery would be reviewed. There were four principles which summarized UNDP's concern about efficiency and accountability: (1) arrangements should be designed to meet the needs of the developing countries in the best possible way; (2) they should encourage full utilization and strengthening of national capacity; (3) they should enhance programme and project quality and cost effectiveness, partly by facilitating the adoption of a programme approach; and (4) they should reflect partnership within the United Nations system.

21. All delegations were clearly aware of the critical link between national execution, self-reliance and sustainability. In that connection, some delegations envisaged an evolution in the role of executing agencies, noting that government execution combined with continuing agency involvement was a very compatible and cost-saving arrangement. The renegotiation of the support-cost arrangement offered an opportunity to improve the efficiency of assistance provided by the United Nations system. It was possible to discern a common understanding that some kind of change was needed to reinvigorate the United Nations technical co-operation system, while at the same time maintaining and strengthening the tripartite relationship.

22. Another common thread in delegations' statements was the recognition given, in accordance with General Assembly resolution 44/211, to decentralization, enhanced country-level co-ordination, use of the programme approach and enhanced national execution. The proposals submitted to the Governing Council had been drafted in the spirit of that resolution. Concerning the new arrangements for support costs, the real issue was to use the voluntary contributions to UNDP in the most cost-effective and efficient manner possible. The other major question to be debated by the Council was the goal of national execution, which should be attained as quickly as possible. The time had come to act and to act decisively.

READEX FICHE

23. The present session of the Council could be a landmark in the history of the United Nations technical co-operation system, bearing in mind the fundamental issues raised and the decisions to be taken. Once they were taken by the Council, they would be scrupulously implemented by all UNDP personnel.

24. The PRESIDENT said that the statement by the Administrator brought to an end the high-level segment of the Council's debate. He was convinced that the debate would provide a firm basis for the negotiations which were about to begin on preparations for the fifth programming cycle. Important statements had also been made about assistance programmes in Africa and Latin America, the programme of assistance to displaced persons, refugees and returnees, the review of funds and programmes, and matters relating to UNDP management and administration.

25. Most delegations had felt that the publication of the "Human Development Report, 1990" represented a major contribution to the dialogue on the development of human resources. The questions of the environment and development, women in development and the problem of drugs had also been raised on several occasions. Several speakers had provided useful information on future programming needs of their respective regions and countries. In order to meet those needs, major financial and intellectual resources would be needed. UNDP's comparative advantages had been referred to by many speakers, who had asserted that the Programme was particularly well placed to meet many of those formidable challenges. Most participants had referred to the population issue and the excellent results achieved by UNFPA. Those issues seemed to have taken on decisive importance for the Council, and important decisions had already been prepared on that subject by the drafting group.

26. In their statements, many delegations, including some from donor countries, had stressed the need for a substantial increase in resources. Whatever decisions the Council took on that question would certainly help to facilitate the mobilization of those resources.

PROGRAMME PLANNING (agenda item 5)

(c) PREPARATIONS FOR THE FIFTH PROGRAMMING CYCLE AND NETT CONTRIBUTOR STATUS (DP/1990/43 and Add.1 and 2).

27. MR. DRAPER (Administrator, UNDP) said that the documentation on the preparation of the fifth programming cycle had been prepared in response to Council decision 90/4, which had called for a synoptic table of the debates of the extraordinary session held in February, as well as information on the supplementary criteria for determining IPFs. The introduction of that agenda item marked the final phase of preparations for the fifth cycle. In the interim, members of the Council had been provided with four reports dealing with the various possible options for the use of resources during the period 1992-1996. A series of informal consultations had been held, during which several key issues had been raised.

28. The level and growth of voluntary contributions during the next cycle would be a measure of the confidence that Governments placed in UNDP's technical co-operation programme. He believed that the minimum level of resources for the fifth cycle should reflect growth in real terms for the Programme, which in 1990 would be at the highest level ever achieved. Continued real growth was essential if UNDP was to maintain its leadership in

multilateral co-operation. He therefore repeated his appeal to double the size of UNDP's technical co-operation programme in the fifth cycle. That would require at least 16 per cent of annual growth of voluntary contributions, and he called upon all contributing Governments to spare no effort in meeting that goal.

29. The amount of resources to be centrally managed was another critical issue, because the programmes and initiatives undertaken with those resources served as a catalyst for new activities which often resulted in follow-up financing from the IPF or other resources. If UNDP was to continue to be a catalyst for technical co-operation, adequate resources would have to be provided for research, evaluation, innovative approaches and initiatives which promised programme and project enhancement. He had therefore proposed that $300 million should be authorized for Special Programme Resources (SPR) to finance various activities - disaster relief, support for TCDC, assistance to the Palestinian people, round tables, etc., as well as new initiatives at the regional and national levels to deal with poverty and environmental management. Centrally-managed resources also offered a valuable mechanism for programme integration. For example, earlier in the year, the High-level Committee on TCDC had reiterated its recommendation to allocate at least 25 per cent of funds for regional, interregional and global IPFs to TCDC activities. SPR financing for TCDC activities in the fourth cycle had amounted to over $10 million. He proposed an increase of $5 million in the fifth cycle, in response to the High-Level Committee's recommendation.

30. A third major issue involved the distribution of IPF resources. The General Assembly and the Governing Council had reaffirmed the need for priority allocation of those resources to the execution of programmes and projects in low-income countries, particularly the least developed countries. In that context, he reminded the Council that a significantly increased level of resources for the fifth cycle was vital, failing which the needs of one group of countries could only be satisfied at the expense of those of another group. That was certainly not the intention of the Assembly or the Council, because the principle of universality in UNDP programming was essential to the integrity, diversity and strength of the development process.

31. The Council had other important issues to consider, such as the distribution ratio between country and inter-country IPFs, the use of special drawing rights, the level of the operational reserve, the resources to be allocated to certain programmes such as special industrial services and sectoral support, as well as the difficult issue of net contributor countries. During the 1990s an opportunity was afforded to reorder budget priorities, reverse the trend of the past few years to a negative net transfer of resources to developing countries, and keep technical assistance, human development assistance and financial assistance in step.

32. Mr. M. GEPP (Brazil), speaking on behalf of the Latin American and Caribbean countries, explained the views of those countries on document DP/1990/43. Those views could be summarized in the following manner: (1) support for maintenance of the floor principle as established by decision 85/15, and of IPF levels in real terms; (2) support for maintenance of the present proportion of resource allocation between country and inter-country IPFs (81 per cent:19 per cent), and of the present distribution between the poorest and middle and low-income countries (80 per cent:20 per cent); (3) maintenance of the basic criteria for the

allocation of resources to reflect the real situation of countries, and of the supplementary criteria, which should be improved. However, those criteria should not distort IPF calculations. Although the countries of the region attached great importance to the "Human Development Report", they considered that the human development index should not be taken as a supplementary criterion until its methodology and data were improved; (4) SPR-financed activities should be based on the development priorities of recipient countries. In that sense, the countries of the region favoured strengthening those resources for natural disaster programmes, TCDC, the Special Plan of Co-operation for Central America and crop substitution. However, any increase in SPRs should not affect country IPFs; (5) it was imperative to find a solution for the net contributor countries that took account of the deterioration of their economic situation. Net contributor status should not lead to a reduction of national IPFs.

33. The countries of the Latin American and Caribbean region endorsed the intention to give greater attention to extreme poverty affecting the least developed countries. Nevertheless, as most donor countries had stated during the high-level segment of the debate, the prospective increase in voluntary contributions was around 6 per cent. Realism was needed, because there would be practically zero growth in UNDP resources for the next cycle. In order to maintain the floor principle, there should be a 16 per cent increase in the nominal value of voluntary contributions, or a 10 per cent increase in real value. His region should not be penalized by a cut-back in resources to be allocated, which would once again signify the curtailment or cancellation of UNDP programmes in the region.

34. Mr. EL-FERJANI (Libyan Arab Jamahiriya) said that member States should seek primarily to reaffirm UNDP's universality and neutrality and the principle of fair and equitable distribution of resources. The new supplementary criteria proposed should be examined thoroughly. The criterion of the interim period was vague and complex, and should be defined more precisely. Clarification was needed as to whether it was intended to move from one economic system to another, or whether a period of reform and restructuring measures was envisaged. With regard to the external debt criterion, realism was needed in determining the actual size of each country's debt. The new social indicators proposed appeared inadequate; others could be added, such as the role of women in development and the involvement of the population in development. As far as the indicators relating to the environment were concerned, drought and desertification, which were besetting certain countries, should be taken into consideration.

35. His delegation associated itself with the consensus on the choice and establishment of criteria. There again, it was important to take particular account of the LDCs. In addition, the increase in SPRs should not affect those countries' indicative planning figures.

36. On the question of net contribution status, he referred members of the Council to decision 85/16, which provided that as from 1987 the Administrator would determine the difference in each year between (a) the contributions paid by each Government both to the Programme and the cost of the local office, and (b) the IPF. That decision had abolished neither voluntary government contributions nor the sharing of local office costs.

37. To distinguish between the obligation to contribute to the financing of local office costs and the obligations deriving from net contributor status, the Administrator was guided by legal instruments such as the basic Standard Agreement and Council decisions other than decision 85/16. It should be borne in mind that some of those legal instruments had been drafted to take account of the sharing of local office costs. What the new proposal was asking for was a review of the entire Standard Agreement. He drew the Council's attention to the consequences of that proposal if, for the purposes of the application of net contributor status, the Administrator henceforth negotiated agreements with countries to ensure that they met all local costs; if those negotiations did not lead to an agreement, he would close the field offices in question and provide reimbursable services to those countries from other field offices.

38. Mr. KELLER (France) said that the decisions to be taken by the Council regarding the fifth programming cycle would be crucial for the future of UNDP. As his delegation had already stated, a 6 per cent annual increase in resources seemed to be the most acceptable assumption. During the fifth cycle, UNDP would have to concentrate on the LDCs, whose situation had deteriorated seriously over the years and needed special attention, ad hoc programmes and increased resources. That did not mean that his delegation felt the other developing countries should be excluded from UNDP assistance; it was fully aware that many of them were still facing serious problems and would therefore need international aid. The LDCs were nevertheless in a special situation because they had deep-seated structural difficulties which called for urgent measures. His delegation therefore felt that a major effort must be made to assist them during the fifth cycle, and it was with that in mind that it was proposing that those countries should receive 60 per cent of the resources allocated to national IPFs. He hoped that the other recipient countries would, in a spirit of solidarity, agree to a reduction of their share.

39. That reduction could, however, be offset in different ways. If, for example, during the fifth cycle UNDP received a volume of resources which exceeded the 6 per cent target, the extra amount could be earmarked for regional programmes rather than being distributed among country IPFs. Furthermore, a part of Special Programme Resources (SPRs) could be devoted to those countries which, within the framework of appropriate programmes, were anxious to grapple with the problems of poverty and environment or the strengthening of TCDC. As it had already said in a recent statement, his delegation was very much in favour of UNDP and all executing agencies promoting that form of technical co-operation. For that reason it supported an increase in SPRs if they were allocated to specific programmes or themes. It would have no objection if the share of SPRs came to around 8 per cent of total UNDP resources allocated to operational activities, but it could not endorse the Administrator's proposal that SPRs should be increased to $300 million. On the other hand, it could support his proposal to earmark 80 per cent of operational resources for country IPFs and 20 per cent for regional and global IPFs.

40. The supplementary criteria to be used during the fifth cycle should be few in number, quantifiable, transparent, non-controversial and fully in keeping with the wish expressed by recipient countries to find effective solutions for their development problems. His delegation was in favour of the strict application of net contributor status.

41. Mr. ÜGÇ (Observer for Turkey) said that universality was one of UNDP's guiding principles; the various scenarios proposed would make the Programme a special fund for the benefit of a certain group of countries. Although there was no denying the great needs of those countries, it should be recognized that such a decision would bring a host of problems in its wake.

42. Experience had shown that the most important factor in ensuring development was the use of human resources. It had also been demonstrated that international co-operation and assistance were the most effective means of ensuring development as long as a proper balance was maintained between physical and human investment.

43. Any increase in IPFs of between 4 and 6 per cent would mean that they remained at a standstill. In such circumstances, it was not easy to understand the rationale for reducing resources to be allocated to countries which had a higher economic and human potential and had performed well in the process of economic and social development. His delegation considered that the best approach would be to maintain the principle of universality, while giving more assistance to the LDCs. In the allocation process, it would be better to maintain the basic criteria and keep use of the supplementary criteria to a minimum (scenario C2 of document DP/1990/8), especially since the data for the latter were not very accurate and some were not likely to be universally accepted. The inclusion of supplementary criteria for resource allocation could only be justified if there were a rise in total resources in real terms of not less than 4 per cent. Having said that, his delegation felt that human resource development should be considered less as a criterion than as a high-priority area to which each developing country, and particularly the LDCs, should adjust their respective development plans and programmes. In that context, Turkey would continue to play an active part in the implementation of TCDC and the TOKTEN programme. It was also in a position to play a more active role in many regional activities.

44. Regarding the proposed rise in the share of SPRs in total resources, he endorsed the Administrator's proposal. He also supported the idea that preference should be given to environmental and poverty-alleviation activities.

45. Mr. Babington (Australia) took the Chair.

46. Mr. RADE (Netherlands) said that on the question of the growth scenario, his country would certainly be in favour of a substantial real increase in resources, since the needs of the developing countries were far greater than the means currently at UNDP's disposal. However, it had become obvious during the consultations that a high growth scenario would not bring one more dollar to UNDP and was, on the contrary, likely to create planning difficulties. Consequently, his delegation felt that a 6 per cent growth rate would be the most workable scenario.

47. Concerning the allocation of resources to country IPFs and other UNDP activities, his country's position would depend on the outcome of the discussions on a more thematic approach. UNDP resources were too limited to be scattered over too many programmes, but it was clear that human development would have to be at the heart of UNDP's activities, with themes such as the environment, poverty alleviation and women in development. If it proved difficult to establish a clear link between country IPFs and such themes, a substantial increase in funds for those themes could provide a means of strengthening the focus of UNDP activities.

48. An agreement on the distribution of IPFs among recipient countries would not be easy, which was only normal since each country had valid reasons to ask for more resources. However, given the scarcity of resources, they would have to be concentrated on the poorest countries. Obviously such an approach would imply the discontinuance of the floor principle, which should be abolished anyway.

49. Linked to that issue was net contributor status, which in the opinion of his delegation should be maintained. On the use of supplementary criteria he shared the view that the human development index might provide a valuable yardstick in the future. It was perhaps not possible to use it in the fifth cycle. As to the other supplementary criteria, his delegation favoured their discontinuance because their use would greatly complicate operation of the fifth cycle.

50. He would like to know UNDP's reaction to the three conclusions of the IMF consultants on the possible adoption of SDRs as units of account. First of all, the suggestion was made that UNDP's basic strategy on investment might be strengthened by the adoption of SDRs as units of account; secondly, further study should be made of the costs involved in using a more stable unit of account; finally it was suggested that the use of SDRs should be extended to other United Nations agencies.

51. Lastly, he referred to the scenarios presented in document DP/1990/43. In the informal consultations, he had raised the issue of the percentages used in scenario 6. In that scenario, the IPFs were calculated according to decision 85/16, whereby 80 per cent of resources were allocated to countries with a per capita GNP of less than $US 750. However, those countries were already receiving 83.6 per cent of resources. Furthermore, using an 80:20 distribution would give 20 per cent of resources to a group of countries which was currently receiving only 16.4 per cent. That would obviously pre-empt negotiations in the Council, and for that reason his delegation was formally requesting the Administrator to provide a version of scenario 6 using an 83.6:16.4 distribution.

52. Mr. AL-FARSY (Observer for Oman), referring to the application of net contributor status to his country, drew attention to the development and restructuring efforts made by the Sultanate in order to acquire a basic infrastructure, mainly through UNDP technical assistance. However, while Oman had over the past 20 years managed to reach a certain level of development, it still had numerous unsolved problems. The most serious obstacles to its development derived from its size, topography, lack of skilled manpower and raw materials, and dependence on a non-renewable resource, oil.

53. Oman had had difficulty in agreeing to Governing Council decision 85/16 because it regarded it as contrary to the spirit of General Assembly resolution 26/88, which stressed the voluntary nature of contributions to UNDP.

54. Since the GNP had declined with the drop in oil prices, Oman had been forced to cut back public expenditure, which had jeopardized execution of many development projects. It was therefore unable to increase its contribution, especially as it had not yet completed the establishment of its infrastructure.

55. At the previous session of the Governing Council, his delegation had proposed that net contributor status should depend on criteria which reflected

more accurately the capacity and development needs of countries in respect of basic services. Other proposals had also been put to the Council. The first of them was that net contributor status should be discontinued, that the per capita GNP threshold should be maintained, and that new criteria should be added to evaluate a country's situation. Oman's per capita GNP was $US 2,495, a figure below the threshold of $US 3,000. Moreover, its situation was aggravated by the essentially rural nature of its population, who primarily lived on very primitive methods of agriculture and fishing. In addition, the rise in the level of education had only taken place over the past 20 years, and the illiteracy rate among women was still very high. Lastly, economic growth had slowed dramatically because of the drop in oil prices, so that export earnings had declined by more than 25 per cent, forcing the country to undertake structural adjustment of its economy.

56. Another proposal was to increase the number of net contributor countries, to eliminate the per capita GNP threshold and to keep field offices only in those cases where the host country took responsibility for their cost, in his view, that proposal was contrary to UNDP's underlying principle of universality.

57. In accordance with the proposal by the delegation of Switzerland, the IPF of countries whose per capita GNP was higher than $US 1,500 per annum should be set at $1 million and that field offices should only be set up where UNDP annual expenditure exceeded $2 million. The Administrator had said that the implementation of Governing Council decision 85/16 concerning local office costs in particular had proven to be complex, politically sensitive and administratively difficult. His delegation supported the Administrator's proposal to maintain the offices in those countries whose IPF was regarded as minimum in relation to office local costs. He stressed the negative effects of the Swiss proposal and particularly its restrictive financial perspective, which was contrary to the principles underlying UNDP activities. The developing countries needed technical assistance, and hence a field office responsible for administering the relevant programmes. He therefore urged the Governing Council not to take any decision which would have detrimental effects on countries for which UNDP was one of the most important sources of technical assistance.

58. Mr. SALMAN KAMAL (Observer for Bahrain) drew attention to the serious obstacles faced by island developing countries: their small size, deterioration of the environment, inadequate natural resources and, in some cases, an economy completely dependent on a single resource which was exhaustible and non-renewable. In those circumstances, the Governing Council should devise ecological, geographical and soci-economic criteria which made allowance for the specific situation of the countries concerned. At the very least, their net-contributor-status obligations should be waived. Furthermore, given the role of the field offices and the specialized knowledge they could bring to the developing countries, he firmly rejected any idea of linking the retention of field offices to observance of net contributor obligations. Such a move would be incompatible with the provisions of Governing Council decision 85/16.

59. Mr. ZHANG Guanghui (China) observed that development needs were enormous whereas the resources available to meet them remained clearly inadequate. It was therefore essential that UNDP should be given the means to provide the developing countries, during the 1990s, with more assistance than in the

past. To set the annual growth rate of voluntary contributions at 6 per cent was to condemn the Programme, through inflation, to maintaining its activities at a level equal to or lower than that of the fourth programming cycle.

60. Regarding the criteria governing resource distribution, he considered that the principles set forth in Governing Council decision 85/16 were fair and that the floor principle, inter alia, should be maintained - so that the volume of IPFs would not fall below their fourth-cycle level, together with the two basic objective indicators of population and per capita GNP. With regard to technical assistance, UNDP should give priority to those countries whose per capita GNP was below $375. On the other hand, it would be unfair not to give a more favourable weighting to those countries whose population was greater than 1 million. The bulk of programmable resources should be allocated to country IPFs, and the ratio of country to inter-country IPFs should remain unchanged, as should the relationship between basic criteria and supplementary criteria.

61. The amount of Special Programme resources had been $189.5 million for the fourth cycle, and the Administrator had proposed that it should be increased to $300 million for the fifth cycle, which would be equivalent to raising it by 42 per cent. Since the activities which it was suggested should be financed by those resources were not clearly stated, he wondered whether such an increase was advisable. It would, in his view, be better to keep them at the level set for the fourth cycle and distribute them more rationally, earmarking a larger proportion for relief and recovery operations after natural disasters, the expansion of TCDC, environmental protection and, above all, the Special Industrial Services programme. He urged delegations to find common ground on all those issues so that a programme satisfactory to all could be devised.

62. Mr. WARD (Canada) considered that amendments should be made to the basic principles governing the allocation of resources in order to enable UNDP effectively to address the issues noted in the "Human Development Report". Firstly, the flow of resources to the least developed countries should be increased, but he was not convinced that that categorization should be formally integrated into the allocations framework. In the absence of an agreed indicator of technical assistance needs, the Governing Council was compelled to rely heavily on per capita GNP and population data. As to the formula for calculating country IPFs, he would agree to limiting the population size to be taken into account, but felt that 100 million was too low. Similarly, he could endorse eliminating the supplementary criteria, which should in any case be streamlined. The basic data on human development were not yet ready for use as an indicator.

63. UNDP should remain a global programme: however, during the fourth cycle, the countries in the Latin American and the Caribbean region had received only 9.6 per cent of country IPF entitlement. Their share could hardly be reduced further, for otherwise it would not be possible to retain a realistic profile in the region.

64. A third preoccupation of his delegation was that the floor principle should be carefully reviewed. It was based on historic entitlements and prevented UNDP from responding to evolving needs, even where the increase in resources was modest. In addition, measures should be taken to simplify

resource management and to facilitate the graduation of assistance given. The present system relating to net contributor status presented difficulties and must be re-examined.

65. On other key issues, he felt that the share of global and interregional programmes should be increased, if necessary by reducing regional programmes, in order to protect country IPFs and partially finance a centrally-managed pool for specified thematic use. Such a pool was compatible with the approach set out by the Administrator for the funding strategy and would facilitate participation in the Programme by countries which were no longer entitled to a sizeable country IPF. His delegation supported the Administrator's proposal on SPRs and felt that even more resources should be allocated to them, including adequate resources for the management development facility. Overall, it was becoming essential to reinforce the substantive links in the various elements of the operational programme, whether national or inter-country activities, activities financed through the Programme's special resources or other centrally-managed funds.

66. Lastly, because of financial stringency in Canada, at least in the short term, it could not recommend a growth rate assumption of more than 6 per cent per annum for voluntary contributions.

67. Mr. ROHNER (Switzerland) observed that if UNDP wanted to continue to play a significant role in international development co-operation and to mobilize growing voluntary resources for that purpose, it should concentrate the bulk of available resources on the least developed and other low-income countries which were in greatest need of technical assistance, and meet the new and pressing needs through thematic programmes. The universality of the Programme should be maintained, but the specificity of its contributions to the development of recipient countries should be enhanced. If UNDP was to be able to meet the challenges of the 1990s, it must take decisions which went beyond the framework set by Governing Council decision 85/16, and also the proposals made by the Administrator. He outlined the essential elements of his delegation's proposal and said that they all formed part of a closely interrelated whole.

68. Firstly, the annual growth rate of contributions should not be set above 6 per cent, in order to avoid having to revise downward the financing of activities, as had occurred only one year after the beginning of the third programming cycle. That had created difficulties for the developing countries.

69. Secondly, with regard to the field programme and the allocation of resources to its various segments, UNDP, by allocating 60 per cent of country IPFs to the LDCs, would significantly sharpen its ability to combat poverty. The IPFs in that case would serve to finance technical co-operation programmes. In the middle-income countries, the IPF would serve as seed money to generate co-operation programmes and activities. His delegation had suggested a fixed IPF of $1 million for those countries, a figure which could be increased if population size so warranted. Those shifts took into account the changes proposed in the volume of resources for global, interregional, regional and thematic programmes within the field programme. Moreover, the services provided free of cost by field offices would depend on the volume of programme activities financed from core and non-core resources, rather than on the country's contribution to UNDP measured against its IPF.

70. The contributions of Governments to local office costs, which were currently determined by the basic agreement, would thus be considered separately and would have the advantage of replacing the difficult and complex net-contributor obligations established by decision 85/16. It was further proposed that population weighting should be flat beyond 100 million, and that the use of supplementary criteria and the floor and ceiling principles should be discontinued.

71. So far, the resources allocated to regional IPFs had been distributed on the basis of criteria which were virtually the same as those governing country IPFs. In the light of the amendments proposed by Switzerland for country IPFs, specific percentages should be fixed for each region.

72. Through the centrally-financed thematic activities, UNDP would try to meet the specific new needs of developing countries that could not be met within the framework of the IPF programme. The funding strategy had identified three important areas for those activities, namely, poverty alleviation, environment and management, to which should be added science and technology and TCDC. The Governing Council should draw up specific programmes in those areas. By establishing a thematic element within the Field Programme, the Council could integrate many of the activities proposed by the Administrator for financing by the SPRs, which would again become the Programme's reserve.

73. He was submitting those proposals to the Council in the hope that constructive negotiations could be held on that very important item of its agenda.

74. Mr. HAMADZIRIPI (Zimbabwe), speaking on behalf of the African members of the Governing Council, observed that economic conditions in Africa were steadily deteriorating, despite the commendable efforts by many countries to remedy them. A real and substantial increase in voluntary contributions to UNDP was therefore urgently needed. The major donor countries certainly seemed to have the economic and financial capacity necessary to double the volume of the Programme's resources during the fifth cycle or at the very least maintain their real value.

75. As to the Administrator's proposal on the SPR allocation, the African countries would prefer SPRs to be calculated as a percentage of total resources rather than in absolute terms, and the share of SPRs to be maintained at the rate at which they had been set in the fourth cycle, namely, 3.5 per cent.

76. By the same token, the distribution of resources between country and inter-country IPFs should remain unchanged, the country IPF allocations should be in keeping with General Assembly resolution 44/211 and Governing Council decision 89/20, and a larger share of assistance in the form of grants should be given to low-income countries, particularly the least developed countries.

77. The African group wholeheartedly supported the Administrator's proposal to allocate an amount of $US 11.97 million to the national liberation movements.

78. They felt that the existing supplementary criteria should be maintained; overloading the criteria would render the weighting system useless. Lastly, he assured Council members that the Members of the African Group were ready to co-operate with the other delegations in order to arrive at a mutually beneficial solution.

79. Mrs. GREDER (Sweden), speaking on behalf of the Nordic countries, said that the needs of the developing countries could obviously not be met from the present level of financial resources. Consequently, there was no doubt that a significant overall increase in contributions to UNDP was necessary in the long term. That target must be achieved by a more equitable distribution of voluntary contributions through sharing of the burden represented by those contributions. For the purposes of the distribution of resources in the fifth cycle, a realistic target for growth in contributions was necessary in order to permit rational planning of activities and stability of programme delivery. It should be recalled that UNDP provided technical assistance but was not a financial institution.

80. The distribution formula adopted must take into account the basic features of UNDP, namely, its multilateral, universal and voluntary character, together with the country programming approach. Furthermore, the distribution formula should be simplified in order to provide for transparency and efficient administration. The Nordic countries stressed that in the fifth cycle greater attention should be given to the poorest countries and the alleviation of poverty. Consequently, the floor principle should be abolished and the principle of graduation maintained. The Nordic countries were not demanding that that should be done through the application of the net contributor principle, but if that principle was maintained, it must be effectively implemented. Nevertheless, they could endorse the idea of a waiver of net contributor obligations in cases where the economic situation of a particular country had seriously deteriorated. On the other hand, they had difficulty in agreeing to the long list of criteria presented by the Administrator. Generally speaking, supplementary criteria should be few in number and clear-cut. Deteriorating economic conditions would be apparent from the GNP figures, which would then fall below the threshold.

81. The Nordic countries felt that the bulk of UNDP resources should be allocated to finance country programmes. However, for the fifth cycle, they would be in favour of a somewhat higher proportion of centrally-managed resources. That would make UNDP better able to cope with the major problems of the 1990s. Special allocations should be made for thematic activities, such as the environment, women in development, poverty alleviation, and the growing needs of refugees and displaced persons. There might also be a case for a greater emphasis on TCDC and management development.

82. They could agree to an increase in the Special Programme Reserve, whereby UNDP could deal with those problems which were not covered by the IPFs or thematic issues. She stressed the importance of better planning and utilization of centrally-managed resources.

83. With respect to the distribution of country IPFs, the Nordic countries felt that per capita GNP and population size should be retained as the main criteria. However, there should be provision for population weighting that

was flat for all countries with more than 100 million inhabitants. Supplementary criteria should be limited, quantifiable, clearly defined and objective. That was not always the case with the present formula, which had led to a cumbersome administrative system.

84. In decision 89/45, the Governing Council had asked the Administrator to examine the use of special drawing rights (SDRs) or a basket of currencies as a unit of account. From the report submitted by the Administrator it appeared that it would be too complicated to change the present system. In any event, SDRs would be preferable as a unit of account to a basket of currencies.

The summary record of the rest of the meeting appears as document DP/1990/SR.26/Add.1.

UNITED
NATIONS

DP

Governing Council
of the United Nations
Development Programme

Distr.
RESTRICTED

DP/1990/SR.26/Add.1
26 September 1990

ENGLISH
Original: FRENCH

GOVERNING COUNCIL

Thirty-seventh session

SUMMARY RECORD OF THE SECOND PART* OF THE 26th MEETING

Held at the Palais des Nations, Geneva,
on Friday, 8 June 1990, at 6 p.m.

President: Mr. BABINGTON (Australia)
later: Mr. HAMADZIRIPI (Zimbabwe)

CONTENTS

Programme planning (continued)

(c) Preparations for the fifth programming cycle and net contributor status (continued)

---

* The summary record of the first part of the meeting appears as document DP/1990/SR.26.

This record is subject to correction.

Corrections should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent within one week of the date of this document to the Official Records Editing Section, room E.4108, Palais des Nations, Geneva.

Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

GE.90-61938/2418B

1. Mr. PETTITT (United Kingdom) said that he would like to see the fifth programming cycle negotiations result in a changed UNDP resource distribution in favour of the countries most in need. The Programme needed to be slanted more towards the least developed countries, as so defined when they had been identified as such. A prior allocation to those countries, as proposed by Switzerland, appeared preferable to relying on the use of the supplementary factor of least developed country status. In the opinion of his delegation, there should be a cut-off of conventional assistance through IPFs for countries which exceeded a specific GNP per caput. The level should be the same as that used by the International Development Association (IDA), namely, $1,070 per caput per annum, using 1988 data. Exclusion from that cut-off could be arranged for small island developing countries, for the reasons given by the representative of New Zealand, and for countries which had become independent within the last year, in view of the importance of assistance from the United Nations system at that stage.

2. The concept of UNDP universality was important. During the fifth programming cycle, all countries which so desired should have access to the technical assistance and its other benefits. Subject to special arrangements for very small countries, his delegation would support the granting by UNDP of sufficient but token funds to a resident co-ordinator's office to permit the operation of an effective programme. The Swiss proposal to provide a flat sum of $1 million as seed money for cost-sharing projects was an interesting contribution.

3. His delegation would like to terminate certain features of the current arrangements which had effectively served their purposes. That was true of the floor, which currently protected a small number of countries at the expense of other countries in the same income bracket. Similarly, the supplementary criteria should be replaced by a prior allocation for the least developed countries, and there should be an increased share in central resources allocated to thematic problems, not necessarily limited to countries with a conventional IPF. Finally, the net contributor status should be discontinued. Contributions to the programme should be totally voluntary.

4. For the calculation of the conventional country IPFs, the main factors of gross national product (GNP) per caput and population appeared satisfactory. Nevertheless, the fourth programming cycle had used a population factor that had been difficult to work with, and had caused distortion from the ideal distribution of resources.

5. It was essential to increase the proportion of resources programmed centrally (25 per cent appeared to be a minimum), including regional, interregional or global programmes and Special Programme Resources (SPR). Such an increase was important to make UNDP responsive to the concerns of the international community to enable the United Nations system to act in across the board issues to maintain the sense of commitment of the donors and to balance the proposed move away from IPF assistance to middle-income countries. The SPR for global themes should be increased concurrently.

6. Resource allocations would obviously need to take into consideration the decisions taken by the Council on support costs. The approach proposed in paragraph 27 of document DP/1990/43 - of setting aside for the reimbursement of agency support costs an amount corresponding to 13 per cent of the IPF,

SPR, and SIS in the fifth cycle - might not be the right one. His delegation noted with disappointment the view expressed in paragraph 29 of the same paper that it would be impracticable for UNDP to transfer to an accounting system based on special drawing rights (SDRs) in the fifth programming cycle. In that case, it would be necessary to give serious attention to how to guard against panic measures in controlling expenditure resulting from variations in the value of the dollar against the currencies in which many pledges were made.

7. It was important to continue providing sectoral support to the smaller agencies and to the UNIDO Senior Industrial Development Field Advisers programme, which strengthened the capacity of the resident representative's office and should be encouraged. Subject to the review planned for 1991, his delegation hoped that the real value of the UNDP contribution would be maintained to that programme as well as to that of the Special Industrial Services. Finally, with respect to the UNDP resource growth rate, which the Council had to select for planning purposes, his delegation shared the doubts of other delegations about assuming a growth rate of more than 6 per cent. It was infinitely easier to programme for a windfall of resources than to cut back on existing commitments.

8. Mr. ABUBAKAR (Nigeria) said that it was vital to find adequate resources for sustainable development in the developing countries. In accordance with General Assembly resolution 44/211 and Governing Council decision 89/20, emphasis should be placed on priority allocation of grant resources, to programmes and projects in low-income countries, particularly least developed countries. The basic criteria for determining IPFs - GNP per capita and population - should be maintained. The previous practice whereby 80 per cent of the IPFs was allocated to countries with a GNP per capita of less than $750 should also be continued. At the same time, there should be an increase in the IPFs of countries reclassified as low-income countries because of their serious economic difficulties. In that manner, the painful socio-economic adjustments now taking place in those countries could be eased. His delegation supported the allocation of $300 million to the SPR, it being understood that those countries reclassified as low-income countries would need special treatment in the allocation of IPFs for the fifth programming cycle.

9. He drew the attention of the Council to the Special Industrial Services, the importance of which justified, in his view, an allocation of $20 million for the fifth cycle.

10. Mr. ELGAOUTH (Mauritania) said that the existence of extremely poor nations, representing 800 million individuals struggling endlessly simply to survive was one of the most regrettable and disquieting aspects of the current world situation. Of the 46 countries considered by UNDP as least developed, 31 were African, to which Namibia must be added. Not only did those countries have to confront formidable day-to-day problems, but their development prospects were still extremely poor in almost every area. Their GNP per capita was four times less than that of the developing countries and 40 times less than that of the developed countries. The adult literacy rate, which was the driving force of development, was little more than 30 per cent,

whereas it had reached 60 per cent in developing countries and nearly 100 per cent in developed countries. In the least developed countries, manufacturing accounted for only 9 per cent of total production, in contrast to 20 per cent in developing countries as a whole and more than 40 per cent in developed countries. Those inequalities were largely enough to warrant a surge of solidarity from the international community.

11. The situation in those countries was even more tragic in the light of other factors such as the geographic situation and natural disasters, including drought, desertification, floods, cyclones, and locust infestation, which affected a large number of those countries.

12. It was reassuring that the international community had become aware of that situation. The United Nations Conference on the Least Developed Countries, held in Paris in 1981, and the Conference to be held on the same subject in September, also in Paris, eloquently demonstrated that attitude. The Conference of Foreign Ministers of the Group of 77, recently held in Caracas, had once again given the requisite priority to the alarming situation of the least developed countries.

13. His delegation continued to believe that the security of the world depended on assuring a substantial increase in the level of resources during the fifth programming cycle. It was in favour of a 16 per cent increase. Mauritania, like several African countries affected by the major crisis of the 1980s, had resumed its contributions to UNDP. It believed that, during the fifth programming cycle, the level of the SPR should not exceed the level reached during the fourth cycle, because only a small proportion of those resources was allocated to the least developed countries. Mauritania considered that 19 per cent of resources should continue to be allocated to the inter-country IPFs. It was also necessary to reconsider the distribution of resources among global, regional, and interregional programmes in order to take into account the demands of the economic integration under way in several developing regions, in particular in Africa. His delegation supported the maintenance of the IPFs allocated to national liberation movements. It believed that the Special Programme of Assistance to the Palestinian People merited a larger allocation, as did the traditional programme of disaster relief. In addition, SPR resources should be used to finance special programmes involving new themes such as environmental protection and human development.

14. The question of the criteria to be selected for determining country IPFs was a difficult one. The Preparatory Committee of the Second United Nations Conference on the Least Developed Countries, which had recently concluded its work at Geneva, had proposed that 60 per cent of the resources allocated to the country IPFs should go to the least developed countries. A similar proposal had been made, in the Council itself, by the representative of Switzerland, to whom he wished to express his appreciation. Such a proposal was justified by the socio-economic situation of those countries. A lesser solution, or the maintenance of the status quo, would be unrealistic and might well undermine the multilateralism and the financial health of UNDP. Unfortunately, the Administrator did not take those facts into account. Several delegations, notably those of Portugal and France, had clearly described the weariness and impatience of the tax payers of donor countries,

who wished to see tangible results from the assistance that they were providing to development in the third world. Sixty per cent of country IPF resources allocated to the least developed countries, would allow the supplementary criteria, which in fact were meant for situations encountered mainly in those countries, could be dropped. It was none the less true that some of those criteria justified SPR financing, in particular the criterion of "relevance" in the case of the economically affected countries in southern Africa (Front-line States).

15. Mrs. SHAFER-PREUSS (Federal Republic of Germany) said that UNDP was at present undertaking a large number of tasks which could equally well be carried out on a bilateral basis. To strengthen UNDP's multilateral profile, the thematic components needed to be expanded considerably, by increasing the volume of the SPR and focusing the main efforts in the country programmes on certain major themes, in the areas where multilateral technical co-operation offered comparative benefits. The human development indicators might provide guidance in that connection. The delegation of the Netherlands, among many others, had spoken convincingly on that issue.

16. She shared the opinion expressed by the representative of the United States, namely, that UNDP should not become an international welfare organization. Nevertheless, in view of the extreme poverty in many parts of the world, the bulk of the free-of-charge monies should be invested, not to provide social welfare but to press for technical development in areas which could help to alleviate poverty. Her delegation therefore favoured a higher IPF allocation to the least developed countries. That certainly did not mean that UNDP should forget those countries, in particular the Latin American countries, in which the average per capita income was relatively high. Their needs should be recognized and the ongoing structural adjustment should be supported by a thematic approach, using the SPR.

17. As had been emphasized during the debate on national execution and on support costs, the world had changed. That fact should be taken into account in considering the question of the fifth programming cycle. Her country considered the retention of the floor principle to be nostalgic and irrational. UNDP must demonstrate flexibility in face of the new challenges ahead and not seek to protect certain interests.

18. The number of supplementary criteria should be limited. In fact, the more criteria there were, the less would be their benefits for individual countries. Finally, an overall increase in UNDP resources of between 4 and 6 per cent would be realistic. In many donor countries, the inflation rate had been lower than the 6 per cent predicted by the Administrator; in the Federal Republic of Germany, it had even been negative for some time.

19. Mr. ALSAIDI (Observer for Yemen) drew attention to the exceptional situation of his country: in 1990 Democratic Yemen and the Arab Republic of Yemen had been united into one country, the Republic of Yemen. That unification, which would certainly lead to the strengthening of the capacities of the country and to greater development in the future, was for the time being placing a heavy burden on the national economy. In particular, it made an adjustment of all the basic structures necessary. The two countries now

united both belonged to the least developed countries and suffered from many economic problems; their per capita income had declined and there had been a slow-down in development, due mainly to the deterioration of the international economic situation during the 1980s.

20. His country therefore requested the Council to take into consideration its exceptional situation and grant it, for the fifth programming cycle, a special allocation greater than the total assistance allocated to the two Yemens in the past; that assistance should be financed by resources other than the IPFs. Moreover, the Council should recommend to other international organizations and donor countries that they provide special assistance to Yemen for the next five years.

21. Mr. MACDONALD (Australia), also speaking on behalf of the New Zealand delegation, said that given the likelihood of constraint on public sector expenditures in a number of industrialized countries, a targeted increase of more than 6 per cent in available resources appeared somewhat unrealistic.

22. The methodology used to determine the IPFs for the fourth programming cycle had been the product of extensive consultations, during which the views and needs of all the participants had been taken into account. The Governing Council should therefore hesitate long before altering the existing system. By and large, that formula had proved satisfactory; it paid regard to the needs of the Asia and Pacific region, where the majority of the world's poor lived.

23. In 1976, the United Nations General Assembly had decided that island developing countries required specific attention and assistance. Unfortunately, the island developing countries in the South Pacific had only obtained a modest share in the allocation of the country IPFs. During the fourth programming cycle, the total resources that they had received in country IPFs had been little more than the amount allocated during the second programming cycle. UNDP's efforts in the South Pacific were greatly appreciated. They were now well integrated in the planning of the Governments of those countries. The floor principle, which provided an assurance that the country IPFs for any given cycle would be no less than in the previous programming cycle, was regarded by countries in the region as a stabilizing factor in their development planning.

24. The delegations of New Zealand and Australia supported the Administrator's proposal to allocate 80 per cent of the resources to country IPFs and 20 per cent to inter-country IPFs. They also endorsed the proposal to increase to 5 per cent the share of resources allocated to the SPR.

25. With regard to the net contributor status, they believed that, as the respresentative of France had noted, host countries must meet their obligations. They requested the Administrator to negotiate with each country an agreement to ensure that all local costs were covered by the host country. Such a gesture would indicate the seriousness of the country's commitment to the Programme, which embraced both donors and recipients.

26. Mr. FONDI (Italy) recalled the position elaborated by his delegation during the high-level general debate. An annual growth rate of 6 per cent was the only realistic goal for voluntary contributions during the fifth programming cycle. With respect to the allocation of available resources to

the country IPFs, it was preferable to retain the criteria of decision 85/16 rather than to carry out a complete reorganization. That being the case, Italy would like UNDP programmes to focus more on the problem of poverty, for example, through strengthening the supplementary criteria (least developed country status, extreme poverty, etc.). His delegation was willing to consider any appropriate mechanism which would lead to an acceptable balance between the needs of the poorest countries, the universality of UNDP and the expectations of the other countries receiving its assistance. On the other hand, it could not accept Switzerland's proposal, namely, to allocate 60 per cent of the available resources to the IPFs of the least developed countries, because that was tantamount to terminating UNDP presence in middle-income countries. UNDP should instead implement significant programmes for those countries, in the areas where UNDP technical assistance was needed, at the same time contributing to the mobilization of capital. His country was in favour of maintaining the floor principle, which it viewed as a guarantee of a certain degree of stability and not as a nostalgic instrument.

27. His delegation supported the Administrator's proposal to increase the amount of the SPR to $300 million for the fifth cycle; but, with respect to their distribution, it reiterated the views that it had already expressed in February. With respect to disaster mitigation, a decision could not be taken until the role of UNDP in that area had been reviewed and until the General Assembly and the Economic and Social Council, on the occasion of the International Decade for Natural Disaster Reduction, had expressed their views regarding the division of labour among the agencies of the United Nations. With regard to aid co-ordination, it stressed the need for a systematic study of the instruments and procedures for programme development and need evaluation. It could not agree that the NaTCAPs, round-table meetings and country programmes should continue to be reviewed separately. With respect to thematic activities, Italy felt that the allocation of $30 million to the Management development programme was inadequate.

28. His delegation fully supported the proposal from the countries concerned to allocate $20 million to the Special Plan of Economic Assistance to Central America, which provided effective support for the peace process and the struggle against poverty in that region. Finally, it shared the opinion of the Netherlands and Sweden with regard to the adoption of a more stable unit of account, namely, the special drawing rights. It felt that the advantages which, according to the International Monetary Fund experts, would result from the adoption of the SDRs should encourage the Administrator to move without concern in that direction.

29. Mr. SEJANAMANE (Observer for Lesotho) endorsed the statement made by the representative of Zimbabwe on behalf of the African country members of the UNDP Governing Council regarding the preparations for the fifth programming cycle. In particular, he hoped that voluntary contributions would increase substantially, in real terms; that the allocation of resources between the country and inter-country IPFs would remain unchanged (81 per cent/ 19 per cent); that the basic criteria for determining the country IPFs would be maintained; and that the existing supplementary criteria would be maintained. The resources allocated to the SPR should be calculated as a percentage of total UNDP resources; and the amounts allocated to national liberation movements should be kept at their current level.

30. Mr. Hamadziripi (Zimbabwe) took the Chair.

31. Mr. OSUNA (Spain) said that the issues before the Council would have significant implications for the technical assistance to development that would be provided in the coming years. His delegation feared that the redistribution of resources advocated by certain delegations had more drawbacks than advantages. New strategies leading to more balanced situations must be considered. His country was profoundly concerned by the problems confronting the countries of sub-Saharan Africa, Latin America and, in general, all the land-locked countries where basic needs were not met. It therefore supported the proposal regarding the resources for the Special Plan of Economic Assistance to Central America. It also supported the retention of the floor principle. While taking into account the needs of the least developed countries, the Council also had to pay attention to the negative growth and stagflation recorded in other regions of the world, particularly in Latin America.

32. As it had already indicated, his country was proposing to increase its voluntary contribution by 13.3 per cent; it hoped that the other countries would augment theirs by 8 per cent rather than by 6 per cent. At present, poverty was actually getting worse in a large number of middle-income countries, especially in urban areas. The consequence was a deterioration in living conditions which caused in turn a degradation of the environment. Drug trafficking represented a serious challenge to the social and political stability of the Latin American region and also of various countries. Specific programmes and projects should be developed in all those areas. For their part, the middle-income countries must, in conjunction with international assistance, strive to channel the various programmes and projects towards the satisfaction of the needs of the most vulnerable population groups.

33. It should be pointed out that the allocation of UNDP resources for Latin America and the Caribbean under the country IPFs represented only 9.6 per cent of the total resources, or approximately $300 million. With such a small amount, UNDP had succeeded over the past three years in mobilizing $1 billion in supplementary funds, from the Latin American countries themselves, the World Bank, bilateral donors or other relief agencies. Resources allocated under the IPFs to countries with per capita incomes of $1,500 represented little more than 4 per cent of the total Programme resources, or approximately $75 million.

34. His delegation wished to stress the fact that the disadvantages of changing the country IPFs would outweigh the hoped for advantages. With respect to the supplementary criteria, it believed that each criterion should be the subject of negotiations, taking particular account of those which related to poverty, environment and debt.

35. Mr. DENU (Ghana) supported fully the statement by the representative of Zimbabwe on behalf of the African countries. There should be a 16 per cent increase in UNDP resources in the fifth programming cycle. By virtue of the anticipated reduction in their export earnings in the 1990s, the developing countries would in fact need additional UNDP assistance.

36. With respect to the distribution of resources, his delegation was in favour of a significant allocation for the poorest countries, that is, those with a per capita GNP equal to or less than $750. In principle, it did not object to the use of supplementary criteria, the choice of which remained to be determined.

37. The Administrator was proposing to increase the amount of special programme resources (SPR) from $189.5 million for the fourth cycle to $300 million for the fifth cycle. His delegation did not support that proposal: it would have a serious impact on the amount of the IPFs and, furthermore, Governments had very little influence over the manner in which those resources were disbursed.

38. Mr. JASINSKI (Poland) said that, during the high-level general debate, the Council members had reaffirmed their determination to work together to solve pressing problems at the national, regional, interregional, global and sectoral levels. Those problems could certainly be resolved but, in order to do so, significant material and intellectual resources had to be mobilized at the national and international levels. It was also important to maintain the universality of UNDP.

39. With regard to the allocation of financial resources during the fifth programming cycle, some remarks were in order on certain points. The use of the basic criterion of the GNP per capita was perhaps not fully satisfactory, as the Human Development Report had implied. The figures themselves were open to question, in particular in the countries which were not members of the World Bank or had only recently become members. In some countries, significant changes in the exchange rate had led to GNP per capita figures which were clearly debatable. In view of the upheavals in the Central and Eastern European countries, the calculation of the economic indicators, in particular the GNP per capita, should be modified significantly. Thus, while accepting that criterion, his delegation reserved the right to return later to the question of the determination of Poland's IPF for the fifth programming cycle.

40. He recalled that in 1986, in its decision 86/31, the Council had recognized that a major error had been made in the estimation of the GNP per capita in Poland for 1978. Unfortunately, no supplementary amount had been granted to Poland under its third cycle IPF. In the opinion of his delegation, account should be taken of that situation in determining the IPF of his country for the fifth cycle.

41. In addition to the basic criteria, his delegation endorsed the use, when justified, of supplementary criteria, a provisional list of which had been established and considered at one of the Council's recent informal consultations. Certain of those supplementary criteria were particularly relevant, including significant external debt, economy in transition and degradation of the environment. The extent of the economic and social problems of the countries which met those criteria were undeniable. His delegation was in favour of using supplementary criteria for the calculation of the regional IPFs and of granting a special assistance to certain subregions, in particular those which were in a period of economic and social

difficulties. Poland believed that the subregion of Central and Eastern Europe met certain of the conditions justifying special treatment by UNDP. While recommending that the major part of UNDP resources should go to the least developed countries and regions, his delegation also supported an increase in the Special Programme Resources.

42. Mr. UJOODHA (Observer for Mauritius) said he believed that UNDP should play a more pragmatic and meaningful role and should make more effective use of the available resources under its various mechanisms, not only the IPFs but also the new programmes, such as disaster mitigation, aid co-ordination and Technical Co-operation among Developing Countries. That would not be an easy task.

43. With regard to the allocation of resources for the fifth programming cycle, he would concentrate primarily on the case of small island developing countries which had recently joined the group of middle-income countries. There were two such countries in the Indian Ocean: the Seychelles and Mauritius. Other countries in a similar situation, notably Malta and Bahrain, had already made known their concerns on that particular issue. The IPFs which would be granted to those countries under the different scenarios proposed by the Administrator were in fact so small that any meaningful programming over a five-year period was impossible. The basic criteria did not give a fair deal to those countries, which belonged to a special category of recipients. Moreover, the GNP per capita was not a fair yardstick to gauge the level of development of any country and even less the well-being of each of its citizens, as the authors of the Human Development Report had acknowledged. The criterion of GNP per capita had several weaknesses, in particular that of masking the inequalities of distribution. Mauritius had lingering pockets of poverty which could not be eliminated in just a few years. The relatively small IPF of the current programming cycle had served mainly to improve the revenue and status of the low-income social groups, such as small fishermen and farmers. There remained other groups whose needs had to be met.

44. It could not be emphasized sufficiently that UNDP resources often made a great impact because of their role as catalysts. Many national projects, in particular in the energy and infrastructure sectors, would never have seen the light of day if UNDP had not provided the seed capital and the untied resources needed for feasibility studies. Other donors and financial institutions had then followed suit to give the projects shape.

45. Some of the small island countries whose GNP per capita had recently crossed the $750 threshold were still at a critical stage of transition in their development. For its part, Mauritius might well have been a victim of its own transparency. Its successes had been proclaimed by the international media, but the resultant image was not inaccurate since it overlooked the structural weaknesses of the country and the new constraints which were emerging. The economy was still vulnerable on more than one count and would probably remain so for several years. Located in the middle of the ocean, Mauritius was cut off from world centres. Its natural resource base was narrow. The recent economic progress had been accomplished within the framework of a sensitively functioning democracy in a multi-racial, multi-cultural and multi-lingual society. The effects of new constraints,

such as labour shortages, price increases and environmental degradation, were also being felt. His Government was pursuing its development efforts in a pragmatic fashion and was attempting to reduce the vulnerability of the economy. The recently launched diversification programme was only beginning and self-sufficiency was still far off. The decade of the 1990s would be of crucial importance in the economic history of his country.

46. UNDP played an important role of broker between donors and the small island developing countries with a relatively high per capita income. Those countries should be granted treatment markedly different from that normally given to countries with comparable per capita income. Those countries hoped one day to graduate to net contributor status. The floor principle should be maintained for small island developing countries.

47. Mr. HAMDAN (Observer for Lebanon) said that the IPF of Lebanon was not realistic because it was based on old data, unchanged since the third programming cycle. He recalled that in its resolution 88/31, the Council had made reference to the need to adjust the provisional reference IPF of Lebanon for the fourth cycle, but that had still not been done. In order to avoid any misunderstanding, whenever the question of Lebanon's IPF arose, it must be remembered that the figures were provisional. At the same time, the process of determining a new and realistic IPF should be speeded up.

48. Mr. OUALI (Observer for Algeria) said that his country, which received technical co-operation assistance but was also an important contributor, wished to stress the need to keep the floor principle, to maintain the level of IPFs in real terms, and to keep the basic criteria as well as the supplementary criteria used for the allocation of resources, refining them as appropriate. With respect to the new supplementary criteria proposed for the fifth programming cycle, Algeria believed that the use of a human development indicator would be premature at that juncture; in due course, that indicator should be applied to those countries which had placed human development at the centre of their development plans. Two new criteria - economy in transition and heavily indebted countries - should be better grasped before being applied.

49. UNDP should concentrate its efforts on the regions with the most serious problems, Africa in particular. Adopting the scenario under which, in the next programming cycle, $1 million was to be allocated to countries with a per capita income equal to or greater than $1,500 would, on a practical level, exclude from UNDP co-operation a sizeable number of countries, most of which were presently striving to restructure their economies on a fundamental level. Algeria believed instead that UNDP should support the new priorities of those countries since they ran a great risk of slipping back into underdevelopment. The democratic initiatives of the past two years in Algeria could be called into question because of the current economic difficulties.

50. Recalling that, in its resolution 44/228, the General Assembly had considered desertification to be an overall threat to the environment of the planet, his delegation believed that an explicit reference to the control of desertification should be made in the section on the environment. Finally, it hoped that the proportion of resources allocated to Special Industrial Services would be increased.

51. Mr. DORANI (Djibouti) said that, in spite of the difficulties, it was important to establish a resource strategy for the fifth programming cycle. A level of resources equal to that of the fourth cycle should at least be maintained, with inflation taken into account. His delegation supported the allocation of at least 80 per cent of IPF resources to programmes and projects for low-income countries, particularly the least developed countries. It was also in favour of an increase in the SPR.

52. He drew the Council's attention to the birth of a new nation, the Yemen, resulting from the union of Democratic Yemen and the Arab Republic of Yemen. Paradoxically, that reunion would bring with it new constraints and an array of social, economic, administrative, institutional and structural problems. The new Republic of Yemen would therefore need both understanding and action from the UNDP Governing Council.

53. Mr. SALEEM (Pakistan) said that he was in favour of an annual growth rate of 10 per cent for voluntary contributions during the fifth cycle taking inflation into account, or approximately 4 per cent in real terms. He did not support the Administrator's proposal to increase the share of total resources allocated to SPR from 3.5 per cent to 5 per cent, since that would reduce the resources allocated to country IPFs. Recalling that in its decision 85/16 on the use of UNDP resources during the fourth programming cycle, the Council had allocated 1.24 per cent of the total resources to SPR and that that portion had been increased to 3.5 per cent for the entire fourth cycle, he saw no need for a further increase.

54. Technical co-operation among developing countries was an important way of strengthening their collective autonomy and increasing their ability to contribute to world prosperity. Technical co-operation sought a more effective use of human, material, financial and technical resources; consequently, UNDP should increase its efforts in that area.

55. With respect to the distribution of resources between country and inter-country IPFs, his delegation did not support an increase in the share of the latter. The percentage share of country IPFs in the total allocation of resources had already been reduced from 85 per cent in the third programming cycle to 81 per cent in the fourth cycle. Any new increase in inter-country IPFs would be inconsistent with the stated objective, which was to establish a programme using UNDP resources in a balanced manner.

56. A consensus had been reached on the use of the basic criteria for the determination of the IPFs for the fifth programming cycle. In determining the IPFs for the fourth programming cycle, the ratio between the basic criteria and the supplementary criteria had been 75/25, compared with 82/18 for the third cycle. A further reduction in the weight of the basic criteria would not be desirable, since that would lessen the importance of the constant indicators of economic growth, which were essential factors. Neither did his delegation support the allocation of 60 per cent of country IPF resources to the least developed countries. In that connection, the distribution system in effect during the fourth programming cycle, under which 80 per cent of those resources had been allocated to low-income countries and 20 per cent to the other countries, should be maintained. Clearly, the extent of the problems of the least developed countries should be recognized; at the same time, the problems of the developing countries as a whole should not be overlooked.

57. His delegation believed that the total number of points for the supplementary criteria should remain at 12, as in the fourth programming cycle. Furthermore, it did not see why the "annual debt service payments" should cease to be a supplementary criterion. It urged that it should be retained for countries where those payments represented more than 20 per cent of the export earnings. Any modification or elimination of that criterion would penalize those countries that had managed their external debt with care and had succeeded in honouring their commitments in the past, but were currently having difficulty in meeting their debt-servicing obligations. Finally, with respect to the net contributor status, his delegation endorsed the arrangements suggested by the Administrator in paragraph 43 of document DP/1990/8.

58. Mrs. DUDIK-GAYOSO (United States of America) said that UNDP programmes were guided by certain principles and certain realities. Two principles that were especially relevant were: the principle of universality, which implied access of all members to the expertise, technical advice and training services offered by UNDP, and the principle of the voluntary nature of the Programme, which implied that UNDP had to be sufficiently attractive to secure voluntary contributions. Among the realities which had to be taken into consideration, she cited the following: the fact that the needs of developing countries were diverse and increasing and were greater than the resources available to satisfy them; the need to focus the Programme (which the mid-term review had clearly demonstrated), while retaining its flexibility, and the need to improve the Programme's impact as well as the need to improve the way in which the members reviewed, approved and monitored UNDP's programmes; the changes which were taking place in the world; and the emergence of issues concerning several countries at the same time, which had to be resolved on a regional or a global basis, for example economic adjustment, environment and natural resources management, the AIDS epidemic, narcotics production and drug abuse.

59. While the Council members could simply repeat the scenario of decision 85/16, her delegation believed that the Council had to do better than that. The changes just mentioned, required Council members to find a way to use UNDP technical assistance to address the most important problems of developing countries. To achieve that, it was necessary to alter resource allocation and to increase the share of the poorest countries. In view of the growth rates projected, the Council could not afford "nostalgia", to borrow the term used by the representative of the Federal Republic of Germany. The floor principle could not be retained. At the same time, the graduation principle was all the more necessary. In country, regional and global programmes, a better focus was needed. A high priority should be given to the important themes mentioned earlier and the SPR and global programmes should be studied carefully. Her delegation was not sure that it was necessary to keep those two categories separate. But, in any event, the programming and evaluation had to be improved and made systematic. The Council should consider proposals relating to programmes rather than to individual projects, as was currently the case. Her delegation agreed with the view expressed by the representative of the Netherlands that a greater thematic focus for country programmes would make for a more flexible allocation of global resources to specific themes. In addition, her delegation felt that a greater proportion of resources should be allocated to central programmes. Like the delegation of the Netherlands, it felt that the supplementary criteria which could be applied to any country should be eliminated. In any case, it was not appropriate to modify them or to increase the weight given to them.

60. Mr. BAAJIIHUU (Observer for Mongolia) said that his country's GNP per capita amounted to $470. Mongolia was a sparsely populated pastoral country and, the fact that the number of inhabitants was used as a criterion for the determination of the fifth cycle IPF was not to its advantage. In addition, the foreign debt had reached sizeable proportions since it represented more than 20 times the export capacity of the country. He recalled also that Mongolia, which was more than 1,500 km from the nearest sea port, had very little experience with market economy countries, especially the Western countries.

61. His country urged the Governing Council to include Mongolia, by virtue of its situation, in the category of the least developed countries and to recalculate its IPF. His Government assured the Council that the UNDP assistance would be used very effectively for the good of the people and for national development purposes. Finally, he noted that his country had established diplomatic relations with the European Economic Community, that it would join the Asian Development Bank and that it had decided to join the International Monetary Fund and the World Bank. Those decisions could only strengthen its ties to UNDP.

62. Mr. GOPINATHAN (India) said that the economic and social situation of donor countries made it possible to envisage a real increase in UNDP resources, such that a programme delivery rate during the fifth programming cycle equal at least to that of the fourth cycle could be maintained. With respect to the allocation of resources, the main item should continue to be the country IPFs, which reflected the needs of the recipient countries themselves and were not priorities imposed from outside. The distribution of total IPF resources between country and inter-country programmes should remain that established in Council decision 85/16. In order to take into account the development of the countries, the Council could nevertheless, as the Administrator had suggested, adopt a 83/17 per cent distribution, for example, instead of an 81/19 per cent ratio. Like many others, his delegation felt that the floor principle should be maintained, even in real terms. With respect to the criteria on which to base the allocation of resources to country IPFs, his delegation felt that priority should remain with the basic criteria (GNP per capita and population), which had already proved themselves; in addition, like the Chinese delegation, it considered that the "population" criterion should take into account the entire population of the country, and should not cease to apply beyond a ceiling of 100 million inhabitants, as some delegations had suggested. Developing countries other than the least developed countries should not be lumped in one single group. The supplementary criteria should be quantifiable, objective, clearly defined and measurable using accurate and published data. His delegation opposed adding descriptive criteria to the supplementary criteria. The weighted shares attributed respectively to the basic criteria and to the supplementary criteria should continue to be those provided for in decision 85/16 for the fourth programming cycle. The portion of the SPRs in the total resources should remain at 1.24 per cent, as provided for in decision 85/16. The assigning of SPR to "thematic activities" should be carefully studied by the Council. The Programme should avoid imposing on the developing countries, in the name of so-called objectivies decreed at the international level, priorities which in no way reflected their needs.

63. His delegation was in favour of maintaining sectoral support for the Special Industrial Services (SIS) and for Senior Industrial Development Field Advisers (SIDFAs), the modalities of that support to be defined and its real value maintained during the fifth programming cycle. With respect to the principles on which the Council should base its decisions, his delegation, like the Italian delegation, felt that the Council should be guided essentially by decision 85/16, to which minimum changes should be made, it being understood however that any increase or decrease in resources should be reflected proportionately in all UNDP activities - not only the IPFs but also the SPR and the administration budgets, among others.

64. Mrs. AMARASEKERA (Sri Lanka) said that the developing countries would have to face new challenges during the 1990s. For that, they would need a sizeable amount of resources. An increase in resources of more than 10 per cent would be necessary simply to maintain UNDP activities during the fifth programming cycle at a level equal to that of the fourth cycle. Such an increase was possible in the light of the projected growth rates for the developed countries in the 1990s and the anticipated peace dividends.

65. Her delegation was in favour of the thematic approach, and of the environmental and poverty alleviation activities financed by the SPR. It should not, however, be forgotten that different countries had specific needs, which must be met in order to maintain the pace of development.

66. The country IPF was an extremely important way of meeting the specific needs of a particular country. Her delegation favoured the application of the criterion of the GNP per capita and the floor principle in the determination of the IPFs. The supplementary criteria used for the fourth programming cycle should be applied without change during the fifth cycle.

67. Mr. MUGUME (Observer for Uganda) said that he wished to associate himself with the statement of the representative of Zimbabwe on behalf of the African country, members of the UNDP Governing Council. His delegation would, however, like to add some remarks. With respect to the increase in UNDP resources, it had already said that it supported the proposal by the Administrator to seek an increase of 16 per cent, corresponding to a growth rate of 10 per cent in real terms. According to some members, a goal of 4 to 6 per cent - that is, a zero growth rate or even a decrease of 2 per cent of the resources in real terms - would be more realistic. His delegation did not believe that a zero growth objective was a realistic way of meeting the challenges which UNDP would have to face during the 1990s. Separate objectives should be set for resources on the one hand and voluntary contributions on the other. The reduction in international tensions should enable the necessary resources to be mobilized in order to double the UNDP programme during the fifth programming cycle, as the delegations of India and Sri Lanka had stated. That naturally required political will.

68. The SPR should be maintained at a minimum level, so that the maximum resources could go to country IPFs. An increase in centrally managed resources should not be encouraged. As the Brazilian delegation had observed, the thematic activities should reflect the development priorities of the recipient countries and not those of the Administration, whether the management development programme, the Special Plan of Economic Assistance to Central America, the combat of desertification or the promotion of TCDC were

involved. The allocation of resources to programme development and evaluation should be considered in the light of the forthcoming decision by the Council on agency support costs. In addition, the anomaly which had occurred in the fourth programming cycle of failing to allocate special resources to special programmes, such as the Programme of Action for Africa - should be corrected.

69. The principle on which the distribution between country and inter-country IPFs was based should be to ensure the maximum allocation to country IPFs. Indeed, the resources allocated to regional projects were not always used properly, in the absence of adequate monitoring by the recipient countries. Resources provided in the forms of grants should be allocated on a priority basis to programmes and projects implemented in low-income countries, especially the least developed countries, in accordance with the provisions of General Assembly resolution 44/211 and Council decisions 89/20 and 90/4. Without calling the principle of universality into question, the Council had to find innovative and specific ways of assigning resources to those countries in the form of grants beyond the current level of 43 per cent.

70. It was encouraging that some attention had been given to the issue of currency fluctuations and the possible adoption by UNDP of special drawing rights as the unit of account. The Administrator had nevertheless referred to the potential difficulties of that option. Many other options were possible and his delegation was willing to participate in consultations on that subject.

71. Mr. TALUKDAR (Observer for Bangladesh) said that the extremely disadvantaged situation of the least developed countries among the developing countries was widely acknowledged; many delegations had said that, during the fifth programming cycle, the majority of the resources should be allocated to those who needed them most. It was not necessary to review at length the statistics concerning the economic and social situation of the least developed countries. One needed only to read the faces of the peoples of the 42 least developed countries in Africa, Asia and Latin America. The term "development" did not have the same meaning for everyone. For some, it might mean another car, an extra kilometre of highway, another bridge. For others, it was synonymous with an increase in health and education personnel. But there were those for whom development was simply a struggle for survival. Malnutrition, hunger and poverty on one hand, illiteracy, inadequate health care and lack of shelter on the other had long been the fate of 400 million individuals.

72. The 1990s had begun with very encouraging signs for mankind. The peoples of the last developed countries hoped that progress and development would not leave them so far behind the world community that it would completely lose sight of them.

73. Like others, her delegation supported an increase in the proportion of UNDP resources allocated to least developed country IPFs, which should be increased to 60 per cent. It also advocated an increase of at least 10 to 12 per cent in the overall UNDP resources.

74. Mr. TAL (Director, UNDP Planning and Co-ordination Office), in response to the questions and remarks formulated by the delegations, said that the first question which the Council had to answer in the current session was that of the increase in the amount of resources. It was probably on that point that the negotiations would be the most difficult. Indeed, many views had

been expressed in that connection, the preferred growth rate varying from 6 to 16 per cent. To the response adopted were linked a considerable number of questions that the Council members would have to discuss and on which they must arrive at an agreement, including: whether the floor principle should be retained; if so, at what level it should be set; what consequences it would have; and the level of supplementary resources that should be provided to the least developed countries and to the developing countries other than the least developed countries. The distribution was in fact not made according to the same pattern for all countries. Thus, the size of UNDP basic resources was a determining factor.

75. A certain number of speakers had said that the question of resources was linked to that of programme quality. That was in fact a very important point. There had been an ongoing and extensive exchange of views with the developing countries on the subject of programme quality. The Administrator's proposals were designed to ensure that, in the coming years, programme quality would continue to improve.

76. Many delegations had made suggests about the supplementary criteria. Some had been opposed to keeping those criteria, others were in favour of them, and others still would like to update them. It was understood that the criteria in question should be objective and measurable and that there should be easy access to the data required to establish them. The Secretariat believed that the proposed supplementary criteria met those conditions.

77. Some delegations had felt that the adoption of the human development criterion was premature. While the Council obviously had the right to decide on that subject he wished to point out that no criterion was perfect. Many delegations had questioned the value of the GNP per capita and it was clearly because that criterion had not been fully satisfactory that the supplementary criteria had been applied. The Council should keep that fact in mind when it considered the question of using the human development indicator in the determination of the IPFs.

78. The delegations of Bahrain and Mauritius had referred to the need to recognize the special problems of the island developing countries. In fact, those problems had already been taken into account during the fourth programming cycle. Those issues had been submitted for consideration by the Council and they would therefore be discussed more thoroughly.

79. Most countries had been in favour of maintaining the net contributor principle. In order to simplify its application, the Administrator had proposed a set of criteria in Note DP/1990/8. That issue should be further considered. The idea of establishing regional offices, brought up by the Observer for Oman, was interesting and should be examined in the context of field office policy. The Administrator would present certain proposals in that connection to the Council at its thirty-eighth session in 1991. The Observer for Yemen had called attention to the special situation resulting from the recent unification of his country, proposing that the Council should consequently authorize for the Republic of Yemen an IPF greater than the total IPFs of the two countries which had just been united. The Council would consider that question in the next few days.

80. The Working Group, which was to have met in the Gulf countries, had been unable to do so for practical reasons. However, it was planned to organize that very important meeting before the end of 1990.

81. The delegations of Djibouti, Lebanon, Mongolia and Poland had raised specific questions regarding the determination of their GNP per capita. He recalled that, for those calculations, the Secretariat had been in direct contact with the representatives of the Governments of those countries. The GNP per capita of Lebanon was not yet definitively established and the IPF of that country for the fourth programming cycle had been acknowledged as provisional. A study to determine the GNP per capita in Lebanon was under way, but it was an exceptionally difficult task. Nevertheless, progress had been made, and meetings had been organized during the past year to review the results of the first phase of the study and to agree on the methodology for the second phase. In response to the observations of the Polish delegation, he recalled that it had been acknowledged that the calculation of Poland's GNP per capita for 1978 had not been accurate and, that a correction was to have been made to the IPF during the fourth programming cycle. According to the Polish delegation, Poland's GNP per capita would probably be much lower in 1990. UNDP followed the methodology of the World Bank Atlas and could not predict with certainty the effects of the current transformations on the GNP per capita. Nevertheless, those changes would probably result in a substantial reduction of the GNP per capita.

82. Many delegations had made observations regarding SPR and some clarifications were in order. The representative of Mauritania, considering that the SPR did not benefit the least developed countries, was not in favour of an increase in its total. He explained that SPR-financed projects were multinational in nature and that the share allotted to each country was therefore not easy to determine. Moreover, the thematic activities financed by the SPR (environmental protection, poverty alleviation) would be of considerable benefit to the least developed countries, because they were addressed directly to the populations suffering from those specific problems. It was therefore important to evaluate fully the final impact of those activities in the various countries. The representative of Mauritania had also stated that the allocation to the Special Programme of Assistance to the Palestinian people should be increased. That question had been studied by the parties concerned and it had been agreed that if conditions made a significant level of expenditure possible, that point could be taken up by the Council during the mid-term review. The Administrator had proposed that a certain amount should be set aside to meet unexpected needs or needs exceeding the amounts initially decided upon.

83. With respect to disaster mitigation, mentioned by the representative of Italy, and the need to co-ordinate actions within the United Nations system, he recalled the following facts: a study had been carried out at the request of the General Assembly; the General Assembly had considered a report on that subject; there was close co-operation between UNDP and the Office of the United Nations Disaster Relief Co-ordinator; and many programmes designed to strengthen the response of the United Nations system in the case of disaster were under consideration. During the month of June, an inter-agency meeting was to consider the training programme and the manual; an orientation session organized jointly on that subject was planned for the following week. Interested Council members would be invited to participate.

84. The representative of Italy had also stressed the need for aid co-ordination. Such co-ordination was assured by the NaTCAPs, round-table meetings and other activities undertaken by Governments, regional bureaux and resident representatives. All those activities reinforced each other and also strengthened programmes undertaken at the national level, in particular the investment programmes. That co-ordination could naturally always be improved and UNDP was striving to do so.

85. The Observer for Uganda had emphasized that the SPR should be maintained at a minimum level, so that the maximum amount of resources could go to the country IPFs. Certain programmes financed by the SPR (management development programme, TCDC) had been considered extremely useful by many delegations, which had requested an increase in the amount assigned to them. Many delegations had requested that disaster mitigation should be financed on a regular basis, since the IPFs did not include adequate resources to handle such disasters which were, by definition, unpredictable. An evaluation of the aid co-ordination machinery had been requested by the Council. Thus, the various programmes financed by the SPR were undertaken in close consultation with the UNDP Governing Council.

86. The use by UNDP of special drawing rights (SDRs) as the unit of account had been brought up by several delegations. Some had wondered why UNDP had not taken adequate account of the conclusions of International Monetary Fund consultants on that subject. It should be understood that the IMF study was a generic study, which provided many details about the advantages of SDRs. The Administrator had not ruled out their adoption - he had simply pointed out the difficulties that they would raise, in particular in terms of the resultant costs. One of the main conclusions of that study was that the adoption of the SDRs as the unit of account would be very advantageous in terms of stability. It was therefore up to the Secretariat and to the Governments of the donor countries to study that option. The representative of the Netherlands had requested the opinion of UNDP on three of the conclusions of the IMF experts. First, would the adoption of the SDRs as the unit of account strengthen the UNDP basic strategy in the area of investment? As a preliminary response, he recalled that the expenses which UNDP had to meet were not necessarily payable in the currencies that it held. In addition, the contributions were held in the currencies of the contributing countries and it was often very difficult to convert them into the currency in which the expenditures would be made. Secondly, would it be appropriate to study more extensively the costs resulting from the use of the SDRs as the unit of account? The Secretariat would certainly do so if the Council wished. Thirdly, should the adoption of SDRs as the unit of account also be considered by other United Nations agencies? That was no doubt an urgent need, and the cost study should therefore also focus on other agencies besides UNDP. In fact, the entire United Nations system was concerned, and it would be extremely difficult for UNDP alone to adopt the SDRs as the unit of account if the other agencies did not do so. The Secretariat had also emphasized that, to the extent that the national Governments contributed more to programme execution, UNDP would be dealing not only with executing agents within the United Nations system but also with Governments which undertook those programmes.

87. Mr. RADE (the Netherlands) said that he hoped that the revised version of scenario 6, which he had requested from the Administrator, would be available by Monday morning, 11 June, when the negotiations were to begin.

88. Mr. TAL (Director, UNDP Planning and Co-ordination Office) said that the calculations were ready and that the document would be distributed on Monday morning.

89. Mr. JASINKI (Poland), returning to the question of Poland's GNP per capita of Poland for 1978, said that he had understood that some compensation had been granted during the fourth programming cycle. He pointed out that for the fourth cycle, the year 1983 had been chosen as the reference year. There had been no compensation to balance the GNP per capita figures for 1978.

The meeting rose at 9 p.m.

UNITED
NATIONS

DP

Governing Council
of the United Nations
Development Programme

Distr.
GENERAL

DP/1990/SR.27
19 June 1990

Original: ENGLISH

GOVERNING COUNCIL

Thirty-seventh session

SUMMARY RECORD OF THE 27th MEETING

Held at the Palais des Nations, Geneva,
on Monday, 11 June 1990, at 10 a.m.

President: Mr. POPESCU (Romania)

later: Mr. REYES (Philippines)

CONTENTS

Programme implementation (continued)

(c) Agency support costs

(b) Implementation of decisions adopted by the Governing Council at its previous sessions

(x) Government execution

This record is subject to correction.

Corrections should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent within one week of the date of this document to the Official Records Editing Section, room E.4108, Palais des Nations, Geneva.

Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

GE.90-61573/2010B

The meeting was called to order at 10.05 a.m.

PROGRAMME IMPLEMENTATION (agenda item 4) (continued)

(c) AGENCY SUPPORT COSTS (DP/1990/71 and Add.1, DP/1990/9 and Corr.1, DP/1990/INF/3-6)

(b) IMPLEMENTATION OF DECISIONS ADOPTED BY THE GOVERNING COUNCIL AT ITS PREVIOUS SESSIONS

(x) GOVERNMENT EXECUTION (DP/1990/33)

1. Mr. DRAPER (Administrator, United Nations Development Programme), introducing the question of national execution, said that UNDP had been urged in many bodies to expand the use of that modality. The means by which the Programme provided assistance were as important as the ends sought. In 1975, UNDP had been encouraged to diversify choices and utilize all available human and material resources for technical co-operation, but limited success had so far been achieved. There was at present a need to adopt universal standards for national execution, for otherwise, the commitment to national execution would remain rhetorical. Further delay was out of the question. He was convinced that a learning-by-doing approach served to achieve greater self-reliance, which was the ultimate objective of technical co-operation.

2. The high-level debate had made it clear that more, not less, technical co-operation was called for in confronting the problems facing developing countries. Economic management, social development and environmental sustainability called for solutions where nation-wide capacity must be built - in villages, in towns, in institutions involving women and men, in Governments and in non-government sectors. UNDP was fully aware that there were critical gaps in that capacity. The important lesson to be learned was that national execution would continue to require careful country-by-country management if capacity-building was to be accelerated.

3. To attain the goal of sustainable capacity-building required changes in the current procedures. Government execution of one project here and another project there would not be sufficient. It was necessary to move to a scale that would justify full government involvement in order to obtain maximum benefits and effects. The representative of Finland had said that the idea of national execution was attractive because it was based on demand. The Programme proposed that the challenge represented by that demand should be met in two ways: first, the establishment of a clear deadline - 1 January 1992 - for the universal introduction of national execution; and secondly, full recognition that all Governments were in a position to implement that change. National responsibility for execution should therefore be distinguished from the process of implementation. Governments were then free to determine the elements of a mix of implementation arrangements on the basis of the quality of services offered.

4. During the high-level debate, the representatives of Sri Lanka and Turkey had noted that national execution, combined with continuing agency involvement, was a compatible and cost-saving arrangement. United Nations agencies were an important aspect of the programming and implementation process, which could

also involve a galaxy of institutions, public or private. The concept of choice was thus blended into the Programme's package of proposals. UNDP was prepared to help Governments to take a decision on how best to implement those proposals.

5. He recognized that full-scale national execution would have a major impact on programme quality and financial accountability. UNDP fully endorsed the representative of Japan's comments that the new arrangements should ensure a greater degree of accountability and transparency, both of input and output, with regard to UNDP-funded technical co-operation. It should be noted that UNDP had systems in place for that purpose and was therefore prepared to fulfil all its responsibilities in ensuring programming quality and financial accountability. Sustainability, responsibility and learning-by-doing therefore formed a policy package where accountability and quality performance were ensured.

6. Mr. RAHEEM (Director, Policy Division, Bureau for Programme Policy and Evaluation), introducing document DP/1990/33, said that the report represented a formal response to the requirements of Council decision 88/18, which had called for further support and flexibility to facilitate government execution and had specifically addressed issues relating to the use of add-on resources and the implementation of the revised accounting, reporting and auditing procedures. The decision had also provided budgetary authority to UNDP to finance some extra accounting staff.

7. In designing his response to the Council, however, the Administrator had made sure that the report also took into account the legislative mandate of General Assembly resolution 44/211 and Council decision 89/20 on the role of UNDP in the 1990s. Taken together, they formed the policy framework outlined in section II of the report, which called for: the pursuit of national execution as the "ultimate modality"; a reaffirmation of the Administrator's accountability; a redefinition of the role of specialized agencies in providing technical support as requested by Governments; a shift from a project approach to a programme approach; and increased decentralization and delegation of authority. The report stressed the fact that the framework and the proposals that followed should be read in conjunction with UNDP's proposals for support cost arrangements.

8. Sections II and III were central and contained the core of the Administrator's response to decision 88/18. In that connection, he drew attention to paragraphs 7 and 8 concerning the definition of the term "national execution". The definition recognized and encouraged a wide range of implementation arrangements and affirmed that responsibility for execution was inherently that of Governments. That being affirmed, the Government and UNDP would then determine the elements of a mix of implementation arrangements. The report proposed that all UNDP technical co-operation activities financed from country programmes initiated on or after January 1992 should be nationally executed. The starting-point for UNDP's consideration of how to promote national execution was that the clear assumption of management responsibility for projects by Governments was an essential prerequisite for sustainable technical co-operation. The challenge was how to translate an accepted principle - that Governments were responsible - into practice. The experience of the past 15 years suggested that an active approach was required if the gap between principle and performance was to be bridged.

9. UNDP's proposal to meet the challenge consisted of two parts, the first being the establishment of a clear deadline for the introduction of national execution. However, it was evident that while all Governments should be given overall responsibility for managing UNDP-assisted projects, they were not all necessarily in a position to implement all inputs of project activities. Recognizing that possibility, the proposal by UNDP sought to distinguish strongly between the principles of responsibility for management, on the one hand, and implementation, on the other. The proposal referred to the concept of "national execution" to cover the first and to "implementation" to cover the latter.

10. With regard to paragraphs 15-18 of the report, he said that compliance with the simplified, revised procedures had shown a dramatic rate of improvement. Increased training and orientation of national staff would continue to be emphasized. The work-load implications for UNDP headquarters with regard to accounting and audit functions were dealt with in the 1990-1991 budget estimates.

11. Paragraph 20 of the report related to add-on funds. In that connection, he drew attention to the second sentence of the paragraph. In order to encourage greater planning for, and use of, add-on funds, the Administrator proposed to advance them on the basis of carefully-estimated delivery. Paragraph 22 highlighted UNDP's commitment to the principle of partnership and the vitality of the agencies' technical capacity as a crucial element in the viability of the United Nations operational system.

12. The PRESIDENT, introducing the report on the implementation of Council decision 90/5 on agency support costs (DP/1990/71), said that at two open-ended consultation meetings, held on 2 May and 15-16 May, he had given progress reports on the work of the Bureau and 10 advisers from member countries of the Programme. The progress report of 2 May had dealt with the review of the recommendations of the Group of Experts and of comments on them by the Administrator, the Executive Director of UNFPA, and the executive heads of all the executing agencies invited to provide written comments. The statement of 15 May had covered principles guiding the work of the Bureau in preparing the recommendations requested in paragraph 3 of Council decision 90/5.

13. The results of the consultations could be summarized in the following manner: (a) Wide support was given to the introduction of technical services support (TSS) at the programme level, while the manner in which it should be financed and at what level would be subject to further consideration by the Council; (b) There was wide agreement that the current support costs provision should be transferred to the country IPFs and that implementation costs should be charged to project budgets; (c) Members had generally agreed that a support cost successor arrangement should facilitate national execution, the use of which should be accelerated, arrangements needed to be made for a smooth transition; (d) There had been wide support for, and agreement on, the basic policy considerations, as outlined in paragraphs 5-12 of the 15 May statement; (e) The consultation had also endorsed the measures for specific actions in paragraph 11 and the recommended follow-up joint actions by agencies and UNDP in section IV of the statement of 15 May; (f) The following issues had been identified for further negotiations: (i) the impact of charging implementation costs to IPFs, particularly if it affected IPF levels; (ii) the advisability of different régimes, although there already appeared to be agreement that the

smaller technical agencies should be treated flexibly; (iii) the applicability of any new arrangement to trust funds, NGOs and non-United Nations entities. Some statements had indicated a preference to allow governing bodies of the agencies to make individual choices; (g) Lastly, there had been support for the view that the Council should take a decision on at least the policy aspects of a successor arrangement at the thirty-seventh session. The suggestion to view the new support cost arrangement within the context of the decision on national execution in June had also been endorsed.

14. The overall guidance inherent in those agreements had been constantly kept in perspective. It was clear that the successor arrangements on support costs could not be confined to financial considerations, but must also be relevant to the tripartite partnership and to the emerging patterns and perceptions in Governments. It was also recognized that the United Nations system procedures had to be modified and adjustments in Governments and United Nations bodies made if the greatly-desired changes were to take effect.

15. The report provided the Council with recommendations and in paragraphs 34-36 identified two categories of actions for the Council's consideration. The first category comprised policy questions which must be resolved in order to provide the framework for actions envisaged for later decision by the Council. Items for consideration at the current session were listed in paragraphs 35 (a)-(i). The Council's decisions on those points would provide the parameters within which further studies and negotiation would be undertaken. Most of the items would be followed by action by the Administrator in consultation with the agencies and would require both technical work as well as consultations between UNDP and the agencies. The results of those consultations would of course require eventual consideration by the Council.

16. The recommendations did not depend on any particular definition of national execution. They did, however, assume that Governments would increasingly take on the management of United Nations-financed projects. Account would no doubt be taken of the Council's decision on the subject of national execution in finalizing successor arrangements. In that connection, it was assumed that Governments would wish increasingly to use the capacity of local and sometimes international organizations outside the United Nations system for the implementation of projects which were appropriate for UNFPA and particularly UNDP financing. He commended the report to the Council and urged members to take the necessary decisions.

17. Mrs. ESCALER (Philippines) said that the question at issue was not whether Governments should execute UNDP-financed projects but why they had taken so long to shoulder that responsibility. It was somewhat surprising that the Council still had to agree formally on and adopt an official definition of the concept of national execution with respect to UNDP-funded technical assistance. The extent to which her Government had executed UNDP-financed technical assistance projects was still modest compared with the record of Argentina and China, which had together accounted for one third of all nationally-executed projects from 1986 to 1989. However, her Government's record was not insignificant and it would intensify the use of that modality in accordance with its modest capability. In its view, national execution was the only appropriate modality for delivery of United Nations technical assistance if the primary objective - promotion of self-reliance itself - was to be achieved.

18. The United Nations system must be prepared to respond to the need to strengthen national capacity to execute UNDP-funded technical assistance projects. Her delegation therefore noted with satisfaction the statement by the Administrator in his report that UNDP would respond to government needs with regard to the establishment of appropriate execution capacity. It hoped that other United Nations agencies would do likewise. In order to provide adequate financial resources for training staff of recipient Governments in national execution, her delegation proposed that the proportion of Special Programme Resources (SPR) earmarked for training should be increased for countries which, for one reason or another, had continued to rely on agency execution until the present time and had consequently not availed themselves of add-on funds.

19. On the premise that national execution would be the rule in technical assistance delivery by 1992, there would be no more reason for headquarters clearance of the selection of national execution as a modality. Her delegation therefore strongly supported the Administrator's proposal to delegate authority on that matter to resident representatives.

20. She stressed the importance of deciding on a successor arrangement on agency support costs as it touched on the roles of funding and specialized agencies in the delivery of United Nations technical assistance. The open-ended consultations in New York had revealed that the institutional relationship between UNDP and some specialized agencies had become somewhat strained. On the one hand, UNDP had been perceived to be exercising functions belonging to agencies when UNDP itself executed technical assistance projects. On the other hand, the agencies were also perceived to be exercising functions belonging to funding agencies when they administered trust funds on behalf of bilateral donors for technical co-operation activities in their respective areas of competence.

21. With regard to national execution, her delegation envisaged, first, a decline in emphasis of the role of agencies in the direct execution of projects, and secondly, their adoption of a role which emphasized their technical inputs rather than project administration. Such a reduced role should also apply to UNDP's direct execution of projects. In her delegation's view, the Administrator's report contained the basic elements for a successor arrangement, on which the Council should take a decision.

22. On the proposed technical services support (TSS) at the programme level, her delegation agreed that if such a facility was established in the fifth programming cycle, it should be modest in relation to the regular programme of the agencies. The amount should be based on services actually rendered by them to Governments in the fourth cycle and projected in the fifth cycle. The facility should be available to all United Nations agencies which were interested and able to justify its use.

23. On the question of TSS at the project level, her delegation endorsed its financing by UNDP centrally-managed resources so that the agencies would have an incentive to render technical services in project identification, formulation and evaluation at the request of Governments. As to the proposed charging of implementation costs to project budgets, any cost of backstopping project implementation should be fully covered from a separate sub-line in individual country IPFs and reimbursement should be available to any entity responsible for implementing the project, whether it was a United Nations

agency or the Government itself. Individual country IPFs should therefore be increased commensurately. Funds for implementation costs (indirect budget costs) should be displayed as a sub-line of the IPF so as to make a distinction between funds intended for direct costs and those intended for indirect costs.

24. If IPFs were not increased by an amount commensurate with the indirect costs to be charged against project budgets under the new arrangement, part of the IPFs which would otherwise be used for financing direct costs of implementing projects would then be used for financing indirect costs of project implementation. The end result would be a decline in the real value of the technical assistance that would otherwise flow to recipient countries under the existing arrangement. That would obviously constitute a disincentive to changing the existing arrangement for agency support costs.

25. An additional safeguard to cover implementation costs of project execution should also be in place in the event that the sub-line in individual country IPFs was fully depleted. That could happen if small agencies were granted flexibility similar to that currently provided for. Under the existing arrangement, the support-cost reimbursement to small agencies corresponded in principle to the actual support cost, which could range from 14 to 22 per cent depending on the level of their annual project delivery. Recourse to the contingency funds or other centrally-managed funds could be allowed to cover the difference. Since it was desirable that the quality of agency technical backstopping in project execution should be enhanced, any new arrangement must provide funds for that purpose. However, those funds should not be taken from what should normally go to the country IPFs intended for funding direct costs. Otherwise, recipient countries were not likely to lend support to any change in the existing arrangements.

26. Mr. OGAWA (Japan) said that support cost arrangements could and must be an instrument for improving United Nations operational activities through enhanced national execution, a more programme-oriented approach and a recasting of the role of agencies. The proposal by the Administrator for across-the-board adoption of the national execution modality from the outset of the fifth programming cycle had often been criticized as unrealistic. Clearly, many recipient countries did not yet have the capacity to execute all aspects of projects, and accordingly technical and administrative support was necessary from agencies and UNDP. But recipients that assumed primary responsibility for managing projects were expected to increase the degree and scope of their involvement in project management as they developed the necessary capacities and skills. His Government fully agreed with gradual change, but if such an approach meant that the modality of national execution itself would be gradually introduced, it might be tantamount to an attempt to perpetuate the status quo. The parallel existence of agency execution might be an obstacle to moving towards the desired goal because recipients, forgoing their primary responsibility, often opted for agency execution, which was an easier way for them to spend their allocated IPFs.

27. For those reasons, his delegation welcomed the commitment expressed by developing countries at the forty-fourth session of the General Assembly to assume greater responsibility for the use of resources for United Nations operational activities through the promotion of national execution, especially when it was accompanied by a pledge to adhere strictly to the principles of accountability.

28. His delegation supported the main thrust of the report on agency support costs (DP/1990/71) and favoured the creation of technical services support (TSS). The level of resources for that facility in the centrally-managed fund should be considered in the context of determining overall levels for support costs. The cost of technical support at the project level must be consolidated with TSS, thus further dissociating the payment of support costs from the volume of project execution. Consequently, the only support charged to IPFs was administrative costs for project execution. The overall level for support should not significantly exceed the level of resources allocated to support costs under the existing régime. In that context, UNDP should undertake a thorough review of some of the SPR activities related to programme and project support and make the necessary adjustments.

29. His Government was in favour of the introduction of a cost-measurement system to further financial transparency, at the same time avoiding the cumbersome project-by-project negotiations to determine support costs. It also reiterated its support for separate arrangements for UNFPA. Transitional measures must be for a fixed period to cushion the impact on agencies and Governments of moving to a new régime. Japan favoured a 10-year term for the new arrangements, for the sake of the system's stability and to enable UNDP to measure the feasibility and actual impact of the new arrangements.

30. Mrs. AMARASEKERA (Sri Lanka) said that any successor arrangements must meet the needs of recipient countries, remove all impediments to national execution, improve the quality of UNDP programmes, be cost-effective and promote partnership within the United Nations system.

31. If national execution was to be the modality for the delivery of UNDP technical assistance, the role of the specialized agencies would have to be redefined. Her delegation foresaw a more active presence for agencies, based on need. They must not be caught up in administrative arrangements, logistics and technical support, but must provide technical services at project and programme level, in the preparation of country programmes, and in the formulation, monitoring and evaluation of national programmes funded by other sources. In the future, successor arrangements should be different, and the countries themselves must be able to undertake execution to the extent that their capabilities and capacities permitted. All multilateral and bilateral capital-aid projects executed by Governments and technical assistance components in those projects were also executed by national agencies, and it should not be difficult for UNDP activities to be executed nationally, provided technical support was forthcoming from the United Nations system.

32. Sri Lanka was planning to implement an industrial strategy and needed the assistance of such specialized agencies as UNIDO, which could offer technical help and advice on development strategy and market promotion and provide access to information, technology, expertise, etc. A new role of that nature would be of benefit to member countries and would not threaten the structure of the specialized agencies.

33. The new support cost arrangements must be more cost-effective. Administrative costs could be reduced from the current level through decentralization of decision-making and programme management and by promoting government execution. Administrative support costs and technical support

costs should be separated, and cost measurements should be effected to gauge the cost of technical backstopping and administrative support. Mandatory services should be provided free of charge, and more cost-effective methods should be used in providing technical support. There was too much duplication of effort. When a team of experts visited a country to study policy, co-ordination, finances, management and marketing, the country often had to make senior technical personnel available to meet the team. It would be more cost-effective if a data-base system containing all development information was prepared and shared by all agencies. If, as suggested, cost measurements could not be introduced to cost administrative support and technical backstopping within a short time, reimbursements for support costs should be maintained at the present level until the new system was introduced.

34. Lasting relationships could be established between specialized agencies and recipient countries if the agencies were to play a highly specialized role in providing such essential services as regular technical advice at the project, programme and sectoral level, special sectoral advice in programming exercises, assistance in establishing development information systems and in programme appraisal, and impact evaluation and mandatory services.

35. Mr. LIMA (Brazil) said that although the task would not be an easy one, his Government was convinced that it would eventually be in a position to take full responsibility for national development. There were currently 45 projects being implemented under the Brazilian country programme.

36. Document DP/1990/33 made several references to the strengthening of field offices in order to improve management, supervision and monitoring of projects being executed by Governments, but it also stated that Governments would be properly trained and strengthened to execute projects. That appeared to be contradictory. National execution implied accountability to UNDP, but his delegation wondered whether it was for reasons of accountability that field offices must be strengthened. That would force UNDP to take on undesirable bureaucratic responsibilities. On the other hand, strengthening field offices would require more resources, and it was not clear where those resources would come from. His delegation inquired whether it would be cost-effective if the national execution modality were introduced on those terms.

37. His delegation shared the Administrator's concern about the need to strengthen the concept of partnership through national execution. The concept itself would not be affected; the only change was that Governments would have primary responsibility for maintaining and strengthening partnership because they would be solely responsible for project execution.

38. Although national execution and agency support costs were interrelated, support costs could not be an excuse for failures in national execution. His delegation wondered what would transpire with national execution, which in paragraph 3 of document DP/1990/33 was referred to as the "ultimate modality" for all UNDP-supported activities, pending a decision on successor arrangements for agency support costs. Did that mean that it would be necessary to wait for the successor arrangements and what would be the consequences for national execution if those arangements caused implementation problems?

39. The distinction made in paragraph 9 of the above-mentioned document between "execution" and "implementation" was not clear. If Governments bore ultimate responsibility for programme execution/implementation, his delegation wondered to what extent UNDP could ensure that emphasis was placed on the use of the specialized agencies. It must be for Governments to take such a decision. The concept of national execution implied that Governments would have the responsibility of strengthening the partnership concept with the support of UNDP, but that did not mean that the initiative should come from UNDP.

40. In order to respond to government needs with regard to the establishment of appropriate execution capacity, at the request of his Government UNDP had in 1990 initiated support for the establishment of a "Project Execution Unit" within the government structure. In the near future, his Government expected to be able to implement the Administrator's proposal; in other words, as from 1 January 1992 all projects would be nationally executed.

41. It was not clear how the work-load of headquarters and the field offices would increase in connection with successor arrangements for support costs and the needs generated by national execution: on the basis of the Brazilian experience, local UNDP programme officers had transferred all their administrative work-load to the Project Execution Unit. National execution should proceed in the same way. From an administrative standpoint, that would entail a decrease in UNDP's field office work-load.

42. In connection with paragraph 30 of document DP/1990/33, his delegation inquired whether the final decision on fifth-programming-cycle projects would be taken by resident representatives, inasmuch as all projects were to be nationally executed. If that was the case, Brazil did not see the advantage of national execution. His Government was in favour of national execution, and it was to be hoped that his comments would be viewed in that light.

43. On the question of agency support costs and successor arrangements, his delegation was in favour of option 3 as set out in paragraphs 430-440 of the report of the Expert Group (DP/1990/9). That option gave Governments greater latitude in selecting implementation modalities. Brazil attached great importance to the role played by the specialized agencies in the tripartite relationship. Its preference for option 3 presupposed that, as Governments were accountable to the Administrator for nationally executed projects, they must also be accountable for the successful implementation of their own projects, and one of the ways to achieve that target was through the selection of the most adequate executing agency for those projects. Governments had full responsibility for selecting agencies, and the role of those agencies remained unchanged. The only modification was that Governments were given greater responsibility in the tripartite relationship.

44. His delegation favoured the "programme approach", in which agencies were more deeply involved, but only after a clearer definition of implementation, monitoring and evaluation. With regard to technical support by agencies, his delegation was willing to discuss the suggestions made, but it could not agree to any formula that would lead to a deduction from project budgets of a corresponding amount for technical support. That would mean another decrease in IPFs, which had already been substantially reduced. It was also important to determine how the technical and administrative support

given by recipient Governments as part of the national-execution modality would be paid. If national execution was to be promoted, simple and flexible operational procedures must be found.

45. Mr. MEHDI (United Nations Industrial Development Organization) said that UNIDO's commitment to the objectives of national execution was unequivocal and unconditional. National management of UNIDO-executed technical co-operation projects was the norm, particularly in projects whose main aim was to build national capacity. UNIDO was willing to transfer to Governments all project management responsibilities that might be agreed upon under national execution.

46. A precise definition of the roles and functions of the three partners would be a desirable step towards enhancing national execution. In defining their respective roles, due cognizance must be taken of the fact that the mandate of the United Nations system was to deliver technical co-operation. UNIDO was in favour of increasing the technical role of the specialized agencies at the project and programme levels and of shifting overall responsibility for project operations to the national domain. If that was accepted, the basic roles and functions of the two partners would be more or less clear. That would leave UNDP free to concentrate on the vital aspects of co-ordinating and funding operational activities. A clear demarcation of the roles along those lines would have the added advantage of allaying fears created by certain proposals that national execution might in fact lead to more execution by UNDP field offices. Many believed, with justification, that replacing agency management of projects with management by the Office for Project Services (OPS) and field offices in no way promoted national self-reliance and even eroded government control and management of projects.

47. Past experience indicated that in government-executed projects, the technical contributions of the agencies had not been mobilized to improve project quality. In addition, the capabilities of the agencies had been insufficiently utilized at the programme level. Technical co-operation must be much more than the provision of such inputs as contracts and equipment. The current debate on national execution and support costs must clarify the roles of the partners and establish the manner in which each would perform those roles.

48. The negotiations to clarify respective roles should be undertaken in a true spirit of partnership with a view to reaching durable consensus agreements that commanded the support of the United Nations system and the various governing bodies and contributed to the coherence of the system. Given the opportunity, UNDP and the specialized agencies could agree, for consideration by the Council in 1991, on a model for successor arrangements in line with the comments made to date.

49. Referring to the views transmitted to the President of the Council by the President of the Industrial Development Board, contained in document DP/1990/INF.5, UNIDO had recommended that detailed decisions on successor arrangements should be made with as full an analysis as possible of the financial impact on the United Nations system and implications for agency projects. UNIDO attached great importance to maintaining the technical expertise of the agencies and to making it available to the developing countries. It favoured the gradual introduction of national execution, in accordance with national capacities and government priorities.

50. UNIDO wished to clarify a possible misunderstanding that might have arisen from a figure which the Director-General of UNIDO had quoted in the statement he had made during the debate in the high-level segment on 7 June. He had stated that during 1989 his own country had had 1.85 per cent of its UNDP-financed projects under national execution. That figure, which had been taken from the Kim report, referred to the number approved for national execution as a proportion of the total number of projects in all recipient countries. But the point that the Director-General had been making remained valid: the national execution modality could not be promoted by legislative fiat alone, and its meaningful enhancement could be attained only through a careful building-up of national capacities. That in turn required joint efforts in which the accumulated knowledge and experience of the United Nations system remained at the service of the developing countries.

51. Mr. ALGAN (Observer for Turkey) said that a growing number of developing countries continued to require the assistance and expertise of international organizations and had shown an increasing desire to use their own experts to implement UNDP-financed projects. In the view of his Government, it would be premature to take a final decision on the support cost question. The specialized agencies should attempt to create, gradually but as soon as possible, conditions conducive both to national execution and to agency execution, in order to stimulate a certain amount of competition. The sole purpose of such competition would be to achieve better results, and support costs should be paid only according to the quality of services rendered. A final decision on the question could be taken in the near future, following consultations with the agencies and in the light of experience.

52. Mr. Reyes (Philippines) took the Chair.

53. Mr. BOGNER (Austria) said that the reports contained in documents DP/1990/71 and DP/1990/71/Add.1 raised more questions than they answered. The Council was confronted with a complicated new system applicable to the major executing agencies, a system whose financial and budgetary implications were still anyone's guess. That fact alone should compel the Council to take only a decision on a general policy framework in the ensuing two weeks, without prejudging the outcome of negotiations that would have to take place between UNDP and the agencies. The deep concern voiced unanimously by the agencies through their spokesman, the Director-General of UNIDO, that the whole future of United Nations-delivered technical assistance was at stake, should alert the Council to the need to proceed with extreme caution.

54. However, the recommendations the Council had before it suggested that the present system of agency support cost reimbursements should remain in force for a large number of agencies, including the financial organizations, as there appeared to be no major disadvantages in its continuation. His delegation strongly favoured continuing to apply the present straightforward system, with the executing agencies making the necessary adjustments. Instead of preparing a balanced and well-documented proposition, with the assistance of the executing agencies, UNDP had presented its own proposals barely seven weeks previously, apparently paying little heed to the positions the inter-agency task force had transmitted to it on several occasions. At the same time, by proposing a new definition of the concept of national execution, whose essential feature was a new role for UNDP as the overall implementing institution from 1992 onwards, and by linking it with his proposal for a new

system of agency support cost reimbursement, the Administrator conveyed the impression that he was striving to reassert the predominant role played by UNDP in the United Nations technical assistance programme before 1970. Nobody would argue that national execution in the field of technical co-operation was not a desirable objective. However, to what extent and when it should be adopted as the normal modality should be left entirely to the sovereign decision of the Government concerned.

55. The international community was now being offered a rare chance to adapt the United Nations system of technical co-operation to the real and pressing development needs of the last decade of the twentieth century. In seeking that adaptation, it should proceed in the full knowledge of the consequences (and particularly the financial consequences) of the new system, and should guard against premature decisions.

56. The policy framework for successor arrangements for agency support cost reimbursements should meet the following conditions. First, in the absence of a further in-depth capacity study of the whole system of United Nations-administered technical co-operation, it must ensure that the tripartite system was not changed by covert means. Secondly, it should ensure that the technical expertise accumulated in the specialized agencies over several decades should be not only preserved, but strengthened. If the agencies were excluded from further project work, their activities, geared only to the programme level, would soon become purely academic and devoid of relevance. Thirdly, UNDP and the agencies must work out a joint proposal about a future system of agency support cost reimbursements which would be simple to administer and whose financial impact could be clearly seen. The system-wide application of a common cost measurement system would appear to be the best solution. Fourthly, care must be taken to ensure that the Council's decision did not in any way prejudice the bargaining position of either UNDP or the executing agencies in areas in which they were called upon to strike an agreement among themselves, as might for instance be the case if levels or ceilings were set. Nor, in the absence of a clearer picture of the new system, did his delegation support the premature abolition of the present support cost line.

57. Mr. VARADACHARY (India), speaking first on the question of government and national execution, said that the 1970 Consensus had envisaged a role for governmental and non-governmental institutions in the recipient countries in the implementation of projects, while the "new dimensions" resolution of 1975 had urged that Governments and institutions in recipient countries should be increasingly entrusted with responsibility for executing UNDP-assisted projects. The concept of national execution was thus not a new one. More recently, General Assembly resolution 42/196 had specifically requested the Governing Council to seek ways of facilitating government execution of projects; and resolution 44/211 had recognized the need to reorient operational activities in order to strengthen and make full use of national capabilities. It had also stressed that achievement of those aims would entail certain changes in the policies and procedures of the United Nations system.

58. In that regard, his delegation fully agreed with the recommendation made by the Director-General for Development and International Economic Co-operation during the triennial comprehensive policy review that henceforth

it was not national execution, but external agency execution, that would have to be justified. That recommendation had two implications. First, greater use would have to be made of existing capacity in the recipient country, which in turn would require changes in the rules and procedures for procurement and audit from local and regional sources. Secondly, changes would have to be made in the present system, to enable agencies to contribute to greater national execution, making use of their accumulated expertise and capacity. The agencies could play a key role in ensuring that existing local capacity and expertise were fully utilized in providing integrated multisectoral advice at the field level.

59. India's own experience showed that national execution built up confidence and a sense of responsibility in implementing agencies and enabled them to absorb technology more easily. National execution of projects was also more cost-effective, and helped to meet UNDP's basic objective of enhancing national capability. His delegation fully supported the heartening trend towards increased national execution. It also recognized the urgent need to institute extensive training programmes for national personnel, in order to familiarize them with accounting, auditing, reporting requirements and rules and regulations regarding procurement. However, it wished to caution against any expansion of UNDP headquarters or field staff. What could be contemplated was the use of locally-recruited temporary contract staff, so as to prevent a burgeoning of bureaucracy.

60. On the question of agency support costs, his delegation was unhappy with the delay in taking a decision, and trusted that it would be possible to agree on a framework decision regarding successor arrangements at the current session, along the lines indicated in the President's recommendations. Such a framework decision should set forth the policy characteristics of the new régime and could be put into effect from the start of the fifth cycle in January 1992. It should provide for UNDP and the agencies to work out the technical details together and submit them jointly to the Council for consideration at the February or June session in 1991. Needless to say, the decision on successor arrangements for agency support costs should complement efforts to promote national execution.

61. Mr. CRUSE (France) stressed the need for a calm approach to the question of agency support costs. While a rapid decision was needed, the Council must take the time to examine the question in detail. Furthermore, the statements by the Director-General of the FAO and the Director-General of UNIDO had confirmed his impression that the subject had been approached without the requisite prior consultation.

62. France viewed the question of agency support costs pragmatically, in the context of a new approach to development. The concept of national execution, which had been presented as an end in itself, was in fact merely a means of promoting development. Applying that approach in a country incapable of handling it would lead only to a waste of resources and to discouragement of potential donors. Government execution must be the result of each country's mastery of its own development. France fully supported the modality, which must be implemented gradually by UNDP and the specialized agencies. It was not yet possible to fix a date for systematic establishment of national execution, which depended on individual countries, programmes and human resources. But it must be considered as a goal, progress towards which needed

to be monitored. The document submitted by the Administrator on indicators for national capacity-building (DP/1990/18) contained interesting proposals, which must be evaluated. But if they were to be impartial, those evaluations must be carried out by independent institutions, which should indicate in an annual report their assessment of the capacity for national execution attained by recipient countries.

63. His delegation also considered that the programme approach was a useful tool for strengthening national execution. However, the approach needed to be better defined. There again, it was not a solution in itself, but a means of increasing countries' capacity to take responsibility for their own development. As such, it needed to be adapted, tested and discussed before becoming operational. The agencies would need to take an active part in its preparation and gradual introduction. They would need to integrate it, and to advise recipient Governments on its implementation. Their traditional role would thus change gradually, although their technical fields of competence would not thereby be called in question.

64. Among measures to be taken in the short term regarding support costs, the first was to ensure that the agencies were financially transparent. A proper system of cost accounting must be introduced, showing the costs of projects, and the proportions of costs borne by the ordinary and supplementary budgets. In that way, it would be clear whether or not the rate of reimbursement was justified. If an agency appeared costly, other bodies might be entrusted with execution of the same tasks at a lower cost, with the cost/efficiency ratio serving as the criterion, rather than a scale fixed arbitrarily at 13 per cent.

65. The Office for Project Services (OPS) would be subject to the same rules. It must not usurp the role of the agencies or increase its sphere of competence in matters of project execution; on the contrary, it must set an example, acting to assist Governments in national execution.

66. His delegation wished to have fuller information on the present state of national execution. It understood that there was a specific UNDP report on the question which had not yet been distributed. Adequate provision of information was an essential prerequisite for taking a decision on national execution. In his view, the concept of national execution should consist of three successive phases: first, precise definition of programmes by the country concerned; secondly, formal inclusion of programmes in the country's development policy; and thirdly, execution by clearly identified institutions, whether national or external. That procedure must be followed throughout. His delegation would be including some of the foregoing suggestions in resolutions it intended to submit in due course.

67. Ms. BWANGA-BUGONZI (Observer for Uganda) said that the need for national execution had been eloquently set forth in document DP/1990/33. Her delegation fully endorsed the recommendations contained in that report, and emphasized the need to simplify procedures with a view to facilitating expansion of that modality. With regard to the revised definition, it considered that placing emphasis on the use of outside technical expertise, especially that of the specialized agencies, might undermine the rate at which future programmes were finalized. It therefore suggested that emphasis be placed on the availability or non-availability of technical know-how in a given country, and hoped that the Council would give UNDP field offices a

mandate to release funds for strengthening government capacity to undertake national execution. Those funds should be made available ex ante so as to secure smooth programme or project management in the long term. In principle, it endorsed the deadline set. However, given that different countries had attained different stages of development, the need for specificity could not be ruled out.

68. A programme approach, as opposed to a project-by-project approach, would put an end to the mushrooming of small projects. However, funds should be increased to ensure impact and the enhanced capacity of Governments to co-ordinate programmes. Learning-by-doing was surely the best way of achieving sustainable development.

69. Her delegation had had the opportunity to advise the President of the Council on the question of successor arrangements for agency support costs. It thus supported the recommendations contained in his statement and in document DP/1990/71. It believed that successor arrangements should ensure the removal of all obstacles to, and the creation of clear incentives for, national execution. The Council should take a clear decision on the policy framework for the new arrangements, leaving its detailed aspects to be put in place by the Council early in 1991. That would enable the new arrangements to take effect in January 1992.

70. The new agency support cost arrangements should strengthen the tripartite-partnership principle. Agencies should concentrate on being centres of excellence in their respective areas of specialization. UNDP should strengthen its central funding and co-ordinating role, while recipient Governments should assume full responsibility in the design, management and execution of UNDP-funded projects. Her delegation wished to pledge its commitment to the partnership principle, as set forth in General Assembly resolution 44/211.

71. Mr. GIANELLI (Uruguay), referring to the report by the President on support costs (DP/1990/71) and to the report by the Administrator on national execution (DP/1990/33), fully endorsed the suggestion, contained in paragraphs 34 et seq. of the President's report, that the complex new arrangements should be implemented in two stages. The first stage, which it would be for the Council to approve, must establish the framework for policy precepts and give appropriate guidance to ensure that proposals for precise arrangements were fully worked out between the Administrator and the agencies for consideration and action by the Council at its thirty-eighth session.

72. Although the general principles guiding operation of the new arrangements had already been laid down in Assembly resolution 44/211, two basic principles should underlie the general framework to be decided by the Council. The first was the need substantially to increase the level of government execution. In that regard, his delegation did not concur with the definition of national execution contained in paragraph 8 of document DP/1990/33, which it considered too long and complex. The definition should be simpler and should be based on the flexibility that Governments should exercise, on a sovereign basis, in deciding how to execute programmes and projects, and to whom to entrust their execution. If a definition was needed, that contained in paragraph 7 of the same document seemed more appropriate. His delegation also supported the suggestion that the Council should be allowed to decide on the definition, and

that the issue should be kept separate from the question of the definition of support costs. Another concept missing from the definition was that of gradualness: a transitional period was needed, although that must not be used as an excuse for failing to take a decision on the short term, or to set a target of 1 January 1992 for national execution of most projects. The transitional period should allow for adaptation of the field offices to the new modality, for the establishment of simple rules governing national execution, and for clarification of the question of government accountability to the Administrator, with due regard for the principles contained in the 1970 Consensus. Clear procedures should also be enunciated regarding the participation of both public and private sectors in national execution.

73. The second guiding principle must be a gradual reduction in project execution by the specialized agencies. That did not imply that Governments had no right to take a sovereign decision on whether to entrust all or part of a project to an agency. Financing of support costs should respect the classification contained in the President's reports, which established three types of services. First, technical services, which were part of the constitutional mandate of the agencies, must of course be financed by the agencies' regular budgets. Secondly, technical support by the agencies at programme level should be financed by the UNDP regular budget. Thirdly, technical support at project level should in future be financed by the project budgets. That would be a good way of reducing administrative support costs. In other words, the present support line would disappear, but not support for technical activities executed by the agencies.

74. His delegation agreed that the Administrator and the agencies should be allowed to implement future changes. Governments were not in a position to settle certain specific operational details. His delegation was flexible on the question, provided that three principles were respected: first, the need to put in place national execution by Governments; secondly, a change of focus from a project-by-project to a programme approach; and thirdly, reaffirmation of UNDP's role as co-ordinator of technical co-operation within the United Nations system.

75. Ms. PRADEL (Federal Republic of Germany) considered that the whole support cost problem could be separated into two distinct parts: the question of cost recording and that of cost distribution. Her delegation therefore strongly recommended the introduction of a simple cost measurement system such as had been recommended by the Expert Group in its report (DP/1990/9) and by the President. Such a system would provide a solid basis for discussion; it would be indispensable for fixing differentiated rates for different functions; and it would avoid the current lack of transparency and thus improve accountability. Moreover, future support costs could be based on actual cost trends and not on bargaining power. The system would also be an important management tool. Only when actual costs were known would it be possible to cut unnecessary expenditure.

76. The details of such a system could be based on the proposal which her delegation had submitted at the informal discussions on 15 and 16 May 1990 and on definitions of programme and project support costs worked out in detail by the Joint Inspection Unit in document DP/WGOC/1 of 21 November 1977. An essential first step would be to reach agreement on a clear-cut definition of cost categories. Against that background it would seem possible to introduce

a simple cost measurement system by the next session of the Council at the latest. As soon as the new cost measurement system had brought clarity to actual costs, it would be possible to take a decision on the questions of fixing differentiated rates for different functions and for cost distribution. Safeguards against currency fluctuations and the remuneration of pre-project and post-project activities of the agencies might also be taken into account.

77. Her delegation considered that it would be premature to take a decision on cost distribution at the current session. There were a number of basic considerations which would require to be taken into account in reaching such a decision. The principle of cost sharing must continue to be respected. Her delegation did not agree with the President's proposal that certain cost components should be incorporated into IPFs, because that could lead to a deterioration of programme quality. Whereas there was currently a bias in the agencies towards employing their own staff or international staff for project implementation, the inclusion of support costs in IPFs could mislead national Governments into employing only their own nationals, even when appropriate national capacity did not exist. A neutral party such as UNDP, or a tripartite mechanism should decide in each case whether to employ national or international personnel. It might therefore be prudent to nominate UNDP as the overall funding source for support costs.

78. The inclusion of a flat rate for administrative support costs within IPFs, which represented a much less rigid budget framework than any regular administrative budget, could eventually lead to a decrease of resources actually available for programme expenditure. That would apply whenever administrative costs exceeded the agreed-upon flat rate, which was a not improbable development.

79. Her delegation could not agree that the question of support costs should be considered in conjunction with national execution. There was already a trend towards marginalizing the specialized agencies. Her delegation favoured action to improve the admittedly sub-optimal performance of the agencies, but nevertheless believed that complete neutrality on the part of UNDP and Governments vis-à-vis the use of the technical expertise of United Nations agencies or other institutions entailed considerable dangers as, in the end, it could lead to the complete erosion of the United Nations system. Only the United Nations agencies were capable of collecting, evaluating and disseminating world-wide experience on so many different technical areas in a sustained way. No private enterprise would ever be able to do so. Her delegation therefore appealed to the Council and the Administrator to avert the collapse of the system through neglect of such long-range considerations.

80. A new support system should be flexible enough to take into account the specific features of the different agencies. In the case of UNFPA, her delegation fully supported its efforts to integrate population and development by further pursuing its current personnel policy.

81. Her delegation fully agreed with Assembly resolution 44/211, which had stipulated that national execution should be the ultimate execution modality. The long-term goal was to achieve national self-reliance, which would make UNDP intervention unnecessary. What was not wanted was to perpetuate the dependence of developing countries on external assistance by creating additional bureaucratic burdens.

82. The report of the consultants on national execution had shown that between 1986 and 1989 only 17.62 per cent of all approved country projects had been nationally executed. The report had also shown that two nations had accounted for one third of those projects. The share of the overwhelming majority of all other nations had been less than 1 per cent. Thirty-two countries had not used the modality at all. The Administrator's proposal to introduce national execution as the exclusive modality within 18 months was precipitate. The ultimate modality of national execution, which her delegation fully endorsed, should not be imposed on recipients and donors alike from one day to the next.

83. Further evaluation of the experience of UNDP and the agencies with national execution was needed in order to design it in such a way that it did not run counter to the interests of developing countries. National capacities, defined as technical and resource capacities, still needed to be developed so that national execution would not become an unacceptable burden to those countries. In that connection, her delegation supported the views expressed by the delegation of Uganda.

84. The introduction of national execution as the only modality by 1992, in conjunction with the existing needs of recipient countries in terms of developing national capacity, would in many cases lead to de facto UNDP execution. Her delegation could see no benefit for developing countries in such a development and was not therefore in favour of the Administrator's proposal as it currently stood.

85. Mr. EL-FERJANI (Libyan Arab Jamahiriya) said that his delegation shared the views expressed by the delegations of Sri Lanka, Brazil, Turkey, Austria, France, Uganda and the Federal Republic of Germany. His own statement would therefore focus only on points on which he would welcome clarification by the secretariat.

86. On the question of government execution, he would like to know whether there was at present anything to prevent Governments from implementing projects. If there were no obstacles, why was it necessary to adopt a decision compelling Governments to use a particular system, the future consequences of which were unknown? The benefits expected from the system were apparently to be found in increased participation by organizations outside the United Nations system. Would not the adoption of such an approach affect the role of the United Nations system, which had been created by Member States in order to fulfil the purposes and principles set out in the Charter? Would not the introduction of the principle of competition among different sectors, both within and outside the system, affect the neutrality, universality and participation of the system and also involve the international community in the adoption of a particular economic system which was perhaps not valid for all countries? He would also like to know what, in the light of the proposed new strategy, the future role of UNDP's Office for Project Services would be.

87. His delegation was not opposed to the policy of encouraging self-reliance but UNDP had already adopted different strategies, both within countries and regionally, in order to achieve that goal. His delegation was convinced that the solution should originate from regions themselves and should not be imposed on them from outside. Any decision on the issue should be realistic, neutral and flexible.

88. Mr. AQUARONE (Netherlands) said that, in his opinion, the Council should establish a framework for support costs, but the details should be worked out later by UNDP and the agencies concerned.

89. The role of the specialized agencies should not be abruptly marginalized. The aim of technical co-operation was to support developing countries and not to provide an additional source of finance for the regular funding of the agencies. The first criterion when introducing a new system must therefore be the effectiveness and efficiency of the institutions in the countries concerned, not the stability of support funding for the agencies.

90. In the view of his delegation, successor arrangements must follow logically from the different roles fulfilled by the various players in United Nations technical co-operation; there must be a clear understanding of those roles. Successor arrangements must also contribute to the efficiency of United Nations technical co-operation capacity, in the sense that they should strengthen project and programme management in the recipient countries as well as enhance the co-ordinating role of UNDP and the specialized role of the agencies. A new system should also encourage quality competition between subcontractors. If a national agency acted as executing agent, it should be possible for it to subcontract the execution of projects to specialized agencies, NGOs or universities.

91. The provision of technical assistance formed part of the regular duties of a specialized agency. Part of the costs related to technical assistance should therefore be borne by the regular budget of the agency concerned. The agencies should continue to play a role in project execution but should concentrate on those activities in which they excelled, so that a higher quality of services would result. The overall amount of money set aside for support costs should not change substantially with the introduction of a new system.

92. His delegation shared the view that the situation of UNFPA was quite different from that of UNDP and that, given the distinct technical and operational requirements of UNFPA programmes, there was no particular reason for requiring UNFPA to adopt the same system as UNDP.

93. His delegation considered that Technical Service Support (TSS) should form part of any successor arrangement as its purpose was to support the operational capacity of the agencies to deliver programme support. TSS should, at least in the initial stages, be based on past performance. His delegation agreed in principle that UNDP should pay for technical back-stopping per project, although the concept required further study. It also agreed that agencies should receive compensation on a disaggregated basis for services with a different degree of labour intensity. Trust funds should bear the total costs of their administration; support cost arrangements should not therefore apply to those funds.

94. National execution involved the transfer of responsibilities for project execution to the Governments concerned. Taking on such responsibilities was no light matter and Governments must be committed to that modality in terms of both political support and staff requirements. National execution must in no circumstances be imposed upon Governments, which must therefore decide for themselves when and to what extent they wished to switch to national

execution. In the meantime, what was required was serious dialogue between UNDP, preferably through its field offices, and each individual recipient Government. The Council was committed to going ahead with national execution on the basis of full accountability, on the one hand, and full transfer of responsibility to Governments, on the other.

95. Mr. Popescu (Romania) resumed the Chair.

96. Mr. NISSEN (Norway), speaking also on behalf of the delegations of Denmark, Finland and Sweden, said that the four Nordic countries had already expressed their general views on successor arrangements during the high-level debate. They would therefore limit themselves to commenting on a few specific points. They had long felt that the current support cost system needed to be adjusted. It had the advantage of being simple and easy to use; its wide applicability, including co-financed activities, had been one of its strengths. On the other hand, it had clear disadvantages in that the arrangements encouraged agencies to seek project volume and reduced input of items costly to administer. Furthermore, it did not encourage the gradual transition towards national execution. Those weaknesses must be remedied in any new arrangement. A new system should stimulate the specialized agencies to participate in UNDP-financed activities within their area of competence and to develop their comparative advantages.

97. The Nordic countries valued the tripartite system, which was based on competent partnership. That system should not, however, exclude other types of collaboration and should take into account possible modifications required to reflect the changing circumstances under which technical co-operation was operating.

98. Referring to some of the issues identified by the President in his report, he said that the Nordic countries were not yet convinced that programme-level technical support provided by agencies should be financed directly by UNDP. If such arrangements were adopted, all specialized agencies should, in their opinion, qualify for such support. Flexible arrangements for small agencies might be included in a possible centrally-managed TSS arrangement. The final position of the Nordic countries would depend on how those support services were defined. The Nordic countries agreed with the President that it should suffice at the current juncture to decide whether to establish a facility as proposed and how much should be earmarked for it in the fifth cycle. The latter issue should be included in the decision on the fifth cycle and should not be part of that on support costs.

99. Successor arrangements should encourage the shift towards increased emphasis on national execution and the technical aspects of project implementation. An important step in that direction would be to transfer resources for administrative and operational support to IPFs, thus strengthening national responsibility for the management of the project cycle. How much should be shifted from the support cost line should be subject to further discussions, as the issue was clearly linked to other types of possible financing arrangements.

100. As to the technical and budgetary aspects of project-related support cost arrangements, the Nordic countries considered that the Administrator should be asked to submit proposals to the Council in February 1991 for a decision

in June of that year. The new arrangements must not lead to administrative cost increases but to greater cost efficiency. It was also desirable to establish a system which was generally applicable to co-financed projects.

101. Issues such as flexible arrangements for small agencies, compensation for currency fluctuations and transitional arrangements could be decided at a later session of the Council in the light of the comments of the Administrator. There was a good case for giving UNFPA a separate support cost arrangement from that to be adopted for UNDP. It might, however, be useful to await the outcome of discussions on an arrangement for UNDP before deciding on a separate régime for UNFPA.

The meeting rose at 1 p.m.

UNITED
NATIONS

DP

Governing Council
of the United Nations
Development Programme

Distr.
GENERAL

DP/1990/SR.28
27 August 1990

ENGLISH
Original: FRENCH

GOVERNING COUNCIL

Thirty-seventh session

SUMMARY RECORD OF THE 28th MEETING

Held at the Palais des Nations, Geneva,
on Monday, 11 June 1990, at 3 p.m.

President:	Mr. POPESCU	(Romania)
later:	Mr. REYES	(Philippines)

CONTENTS

Programme implementation (continued)

(b) Implementation of decisions adopted by the Governing Council at its previous sessions

(x) Government execution

(c) Agency support costs

This record is subject to correction.

Corrections should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent within one week of the date of this document to the Official Records Editing Section, room E.4108, Palais des Nations, Geneva.

Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

GE.90-61582/2302B

The meeting was called to order at 3.05 p.m.

PROGRAMME IMPLEMENTATION (continued)

(b) IMPLEMENTATION OF DECISIONS ADOPTED BY THE GOVERNING COUNCIL AT ITS PREVIOUS SESSIONS

(x) GOVERNMENT EXECUTION (DP/1990/33)

(c) AGENCY SUPPORT COSTS (DP/1990/71 and Add.1, DP/1990/9 and Corr.1, DP/1990/INF.3, 4, 5 and 6)

1. Mr. LIU Lianke (China) said that the question of support costs was not merely a financial one but also concerned the traditional tripartite relationship and the role of each partner in promoting national execution. A comprehensive, co-ordinated approach was therefore necessary. The primary purpose of multilateral technical co-operation within the United Nations system was to provide appropriate assistance to meet the socio-economic needs of developing countries on a basis of universality, neutrality and comparative advantage. It was a form of official development assistance rather than a purely commercial exercise, and it was imperative that future agency support costs arrangements should be viewed in that light.

2. The new arrangements should strengthen the role of UNDP in financing co-operation and making provision for technical assistance, and should enhance the efficiency and quality of the work of the specialized agencies. It was obvious that, as the practice of national project execution was extended, it would be necessary to modify the nature and specific forms of agency participation, but it was essential that their technical potential should not be unutilized, and that they should not be excluded from the United Nations operational system for development.

3. With regard to the financial aspect, future arrangements should not affect either IPFs or UNDP project financing. It followed from the partnership principle that the specialized agencies should continue to finance part of the costs of projects in whose implementation they were involved. In the case of national execution it was reasonable that the support costs of national bodies should be reimbursed on the same basis as those of the specialized agencies.

4. General Assembly resolutions 42/196, 43/199 and 44/211 invited United Nations bodies to promote project implementation by national bodies, which had the advantage not only of being less costly and of achieving good results but also of promoting the self-reliance of recipient countries. It was, however, for the Governments of the countries concerned to decide, in the light of their situation and specific capability, whether it was appropriate to opt for that solution. National execution presupposed the capacity to manage and co-ordinate projects, which by no means existed in every case, and it would be hazardous to try, as the Administrator proposed, to set forthwith a date from which all projects would be executed in that way. It would be preferable for UNDP to begin by supporting the training of civil servants who would be responsible for managing and co-ordinating projects. UNDP should also endeavour to simplify operational and reporting procedures and financial arrangements for national project execution.

5. Mr. OUALI (Observer for Algeria) said that the question of support costs and national execution of projects touched upon the respective roles of the developing countries, UNDP and the executing agencies, and even to some extent upon the issue of Programme resources. Any decline in the volume of available resources should be offset at the support and administrative costs level by optimal use of funds.

6. Project execution by the institutions of recipient countries had not expanded to the extent expected by the General Assembly. It had not always achieved the hoped-for results and the specialized agencies were sometimes unenthusiastic about promoting transfer of the specialized technical know-how involved. United Nations bodies should provide increased assistance for the development of national capacity in that regard. The transfer of responsibility which national execution of projects entailed should be carried out progressively, and even selectively, as national institutions and experts strengthened their capacities. At the same time, UNDP should seek to strengthen its central financing and co-ordination role in the United Nations system.

7. The specialized agencies had unparalleled technical experience and potential and any changes made to existing arrangements must aim at enhancing their role and associating them closely with the changes contemplated.

8. No final decision should be taken until the financial implications of future arrangements for each of the partners and for the orientation of multilateral technical co-operation had been clearly established.

9. Mr. PETTITT (United Kingdom) noted that the participants in the various consultations and meetings held on the question had sought to define the general characteristics of the successor arrangements which they regarded as desirable. He agreed with the Administrator that some of the desiderata were unachievable. With regard to simplicity, for example, the Administrator's proposals aimed essentially at strengthening the capacity of agencies to provide technical assistance to development programmes. The diversity of the agencies, together with the fact that their governing bodies each had their own particular views on action in support of development, ruled out the uniform application of simple solutions. As to financial predictability, it was not possible to be specific about the financial implications of the proposed arrangements until they had been in operation for some time - it had to be borne in mind that the agencies relied largely on past experience in calculating the probable implications of future activities. There was, moreover, no point in trying to apply uniform rules to the extra-budgetary funds of different bodies as they were handled in different ways. It would suffice if there was general consistency in treatment between UNDP finances and the trust and similar funds of other bodies. As to concerted decision-taking on successor arrangements, it was not practicable to take account of the constitutional requirements of the 20 or so agencies concerned. If the new arrangements were to be ready when the present ones expired, decisions would have to begin to be taken - and the Governing Council was the appropriate body to do so; its members would have to take care to ensure that its decisions were not contrary to the interests of other bodies. The Governing Council would also have to bear in mind that its decisions would be applicable only when validated by the governing bodies of other organizations.

10. Turning to certain specific proposals in the Administrator's report (DP/1990/71), he agreed that there was no reason for UNFPA to be covered by the same régime as UNDP. There was a clear case for the latter to continue the current arrangement of paying a flat percentage rate for a number of agencies where that procedure had so far caused no problems. It worked entirely to the advantage of UNDP when the agency concerned was able out of its regular budget to provide UNDP with advice throughout the project cycle and to participate in what had come to be called "upstream" activities. The Administrator should, nevertheless, satisfy himself in advance that the agencies were capable of so proceeding within their field of competence. The large agencies would, of course, be involved in project assistance for progamme-level activities, while the smaller agencies would supply sectoral support. For agencies where the current arrangements hampered "upstream" activities or otherwise weakened technical support services, assistance from UNDP should be negotiated on the lines proposed by the Administrator in paragraphs 14 and 15 of his report. The Governing Council might agree to set aside an abritrary sum - say, $35 million a year - to strengthen the technical capacity of the large, multi-purpose agencies, and possibly of the small agencies of the United Nations proper. It would also be preferable to finance technical support from centrally-managed resources to a total value negotiated as such rather than proceed on a case-by-case basis, as proposed in paragraph 20 (c). The administrative and operational support costs of organizations receiving technical assistance should be repayable at a slightly lower rate than that applied to organizations not requiring such assistance.

11. The Governing Council might set a total amount for support costs, including technical services, and then ask for a system to be devised for charging support costs by type of service (such as project preparation, evaluation, etc.) or by function (e.g. recruitment, procurement, sub-contracting, etc.). Such an arrangement would help agencies engaged in non-labour-intensive activities, while the cost to UNDP of a basket of typical projects would be the same as if calculated at a notional flat rate, as was currently done. It was not a question of blocking negotiations on cost repayments, but simply a matter of placing them in a framework. Members of the Governing Council would still have to decide whether they wished to participate directly in preparing a joint proposal on the question or to leave that to the Administrator and the specialized agencies.

12. He supported the proposal that in general project support costs should be met out of IPF resources, which would have the advantage of encouraging countries to manage project implementation more efficiently, but also the disadvantage of tempting planners to cut corners when IPF resources declined or to entrust the handling of projects to a local administration for reasons that were not developmentally valid. UNDP should take the necessary administrative measures to ensure that a project would be properly executed and that, if required, institutional capacity had been duly strengthened before approval was given and finance provided. He suggested that a decision on whether to incorporate support costs in project budgets should be postponed until the thirty-eighth session, and that the Administrator should be asked to make a recommendation to that session on the necessary administrative measures. If it was decided to charge support costs to project budgets, it would be necessary to revise the recommendations in paragraph 22 on the continuation of existing arrangements with small technical agencies, and to

modify thresholds and provide more effective protection against exchange rate fluctuations. Flexible arrangements would also have to be made for some autonomous organizations within the United Nations system, with the exception of the regional commissions.

13. He agreed that the Governing Council should take decisions at the current session on the matters in paragraph 35, with the exception of subparagraphs (e) and (f), and that it should postpone consideration of the points in paragraph 36 until its thirty-eighth session. The Council should in addition request the Executive Director of UNFPA to make specific proposals to the thirty-eighth session on relations between the Fund and the executing agents if the Council decided to discontinue application of the existing régime. The Executive Council should in addition request the Administrator of UNDP to make specific proposals on the matters in subparagraphs (g) and (h) of paragraph 35, to suggest arrangements with small organizations, and to recommend organizations with which the existing arrangements should be continued. The Council should also ask the Administrator to ensure that organizations were capable of providing adequate assistance to UNDP throughout a project cycle and of participating in "upstream" activities, with or without technical support services.

14. Turning to the question of national execution, he said that it was not an end in itself but a means of strengthening national capacity to enable countries to pursue their own development. Its use would be determined by national capacity in the field of assistance concerned - it would be absurd to take the proportion of projects executed by national bodies as a measure of progress achieved. The new definition of the procedure proposed by the Administrator seemed acceptable to the extent the functions specified were those that it was reasonable for Governments to carry out. While agreeing that Governments should take over responsibility for projects in the sense of that definition, the option of resort to execution by the agencies should not be excluded.

15. To the extent that the result would be a reduction in the volume of work of agencies which would not be offset by increased participation in technical or co-operation activities, the Governing Council might consider paying in advance the support costs of agencies experiencing financial difficulties as a result of the new arrangements, as a means of helping them to adapt to their new tasks. The Administrator might possibly submit a report on the question to the thirty-eighth session of the Governing Council.

16. Finally, he hoped that any decision on national execution would be taken by the Governments of the countries concerned, in concert with UNDP, and taking into account the views of the relevant organizations on the type of activities contemplated.

17. Mr. SØRENSEN (Denmark), also speaking on behalf of Finland, Norway and Sweden, said that national execution was the "ultimate modality" for development assistance. It meant a more direct involvement of recipient Governments in the execution of programmes and projects; it would facilitate the internalization of externally-financed activities; and it would promote self-reliance. This was, therefore, a responsibility that must be taken over by the developing countries. However, a large number of them did not presently have the capacity or the desire to assume it. It made considerable

monitoring and financial reporting demands, and necessitated as a first step capacity-building measures, especially in the least developed countries.

18. The Nordic countries agreed with the consultants that the programme approach was a good basis for national execution: it enabled full use to be made of the comparative advantages of the various organizations within the United Nations system to assist Governments in formulating sectoral strategies.

19. In his proposed definition of national execution, the Administrator drew a distinction between execution and implementation, and, in the view of the Nordic countries, UNDP should concentrate its efforts on developing the capacity of Governments to execute programmes and projects and leave the actual implementation to other organizations. In their view, UNDP should not establish central project management and support units to facilitate execution. Such action might devalue national execution.

20. The question of accountability was of crucial importance, and it was imperative not only that the transition to full national execution should be a gradual one but also that the rules for financial accountability and output assessment should be simple, uniform and flexible.

21. Mr. DEMONGEOT (United States of America), addressing the question of government, or national, execution, said that his delegation agreed with the Administrator that UNDP projects should be regarded as one element in an integrated policy package. The package should include measures: (1) to ensure the effective discharge by the Administrator of his full accountability at the same standard as in other modes of execution; (2) to revitalize the partnership between UNDP and the specialized and technical agencies of the United Nations system; (3) to provide more flexible and effective support for national development programmes, particularly within the framework of the programme approach; (4) to decentralize further development support activities from UNDP and agency headquarters to the country level. Explicit provision should, however, also be made for capacity building. Until Governments had the capacity, especially at the administrative and accounting levels, to plan and manage development programmes, the UNDP field office would have to bear responsibility for them.

22. For the present the Administrator's proposal (DP/1990/33) consituted no more than a bold outline of a strategy, and many questions remained to be answered, particularly with regard to the role of the major sectoral agencies as partners of UNDP. Moreover, not all Governments were equally ready to assume responsibility for all components of the integrated package. The Governing Council might, therefore, confine itself at the present session to requesting the Administrator to define, specify and assign priorities to the various components, so that a decision could be taken on an appropriate timetable at the following session.

23. His delegation saw no need to change the definition of national execution or to draw a distinction between the "execution" and the "implementation" of projects. National execution was a co-operative arrangement whereby the Government of a recipient country assumed responsibility for managing all aspects of programmes and projects receiving UNDP assistance, it being understood that the relevant specialized agency should provide technical

oversight as a partner of UNDP. Government responsibility for management extended to cases where the specialized agencies or offices for project support (OPS) were supplying administrative support.

24. His delegation fully supported the transition to government execution, which would eventually become the standard modality. The management function would be transferred from project managers acting under agencies or project offices to the Governments concerned, and the UNDP field offices would be responsible for monitoring the performance of national executing agents and providing management assistance as needed. On the subjects of project monitoring, appraisal and evaluation, where responsibility was shared between UNDP and the major sectoral agencies, his delegation expected more detailed proposals by UNDP. In his view, the major agencies should provide specifically technical services for the execution of projects within their competence, and the most efficient way to do that would be at the country level by seconding agency staff to the UNDP field offices.

25. Turning to the question of agency support costs, on which his delegation would comment at greater length at a later stage, he said that the new arrangements should be designed not only to facilitate national execution but also to promote a major change in the partnership between UNDP and the major sectoral agencies, entailing a change of focus from project execution to the assessment of technical assistance needs, multi-sectoral, sectoral and subsectoral programming, and the monitoring and evaluation of nationally executed projects.

26. Mrs. SERES (Venezuela) agreed with the Administrator's proposed definition of government, or national, execution, which clearly specified the responsibilities a Government was asked to assume. Her delegation could not, however, support his proposal that all activities financed through national IPFs should be nationally executed from 1 January 1992. The transition would have to be much more gradual, and it was for countries to decide which were the projects whose execution they could manage themselves and which they wished to entrust to an executing agency. In the second contingency, it would be appropriate, as the Administrator had helpfully proposed, to ask the UNDP field offices directly to furnish the support requested.

27. It would, moreover, be desirable to simplify procedures, to encourage decentralization, and to delegate more power to the Resident Representative, provided that, in that case also, Governments retained the right to choose which projects they would execute themselves.

28. The Administrator suggested that the UNDP country programming cycle should be sychronized with the national planning cycle. That was a practice which her Government had adopted since the first programming cycle, and she was pleased to report that it enabled UNDP activities to be brought more closely into line with country priorities.

29. With regard to agency support costs, the proposed new system should be worked out and completed by joint agreement between the Administrator and the agencies, so that the Governing Council would eventually have before it clearer proposals, accompanied by a statement of budget implications. On principle, her delegation would have difficulty in agreeing that such costs should be charged to IPFs.

30. Mr. MALMIERCA (Cuba) said that General Assembly resolution 44/211 implied that the execution of technical co-operation projects should be entrusted entirely to the recipient countries. Doubtless, not all countries had the necessary institutional capacity to move over immediately to the new régime, and UNDP would have to allow a transition period to enable them to develop the required capacity. His delegation agreed with the remarks and suggestions in paragraphs 3 and 14 of the Administrator's report (DP/1990/33), which urged the need for flexibility and caution, in accordance with the 1970 Consensus, in introducing government execution. There was also a need for realism, and no attempt should be made to impose the programme approach forthwith. In the short term, it would be advisable to maintain the well-tried project approach.

31. On the question of agency support costs, his delegation believed that they should be centrally managed and, on grounds of principle, dissociated from IPF costs. It supported the maintenance of the current system of refunding costs to organizations.

32. Mr. Reyes (Philippines) took the Chair.

33. Mr. SALEEM (Pakistan) supported the recommendations of the Expert Group on agency support costs and related issues (DP/1990/9, paras. 471 (a), (d), 473 (a), (e) and (f), 479 (a), and (d - i), and 48 (a), (b), and (c)). In particular, his delegation supported all the proposed measures aimed at strengthening national capacity, which would eventually enable UNDP to transfer the management of project execution to recipient countries. Care would be needed however to ensure that government execution did not limit government access to the technical expertise and experience accummulated in the specialized agencies. Of the seven options reviewed by the Expert Group, his delegation favoured option three, "complete control of the country programme by the Governments", which would give the latter freedom to choose both the modalities of execution and the executing agents either within or outside the United Nations system, and to make use of competitive bidding.

34. He reaffirmed his delegation's commitment to the 1970 Consensus and the consequent tripartite arrangement. Relieving the agencies from the task of execution would enable them to provide the critical technical services, as envisaged in the tripartite system.

35. Mr. MACDONALD (Australia) said that it was the prerogative of developing countries to choose policies and programmes appropriate for their own development, and the procedure by which the programmes would be executed. UNDP had a financial responsibility, which the Administrator had rightly emphasized. His delegation was not, however, convinced of the validity of the distinction which the Administrator wished to draw between the "execution" and the "implementation" of projects and programmes and also wished to have more detailed information about the financial management procedures contemplated - especially in view of the fact that UNDP had hitherto had experience of government execution in relation to only 15 per cent of its programme. The extension of the system would have to be gradual, and it was unrealistic to think in terms of 1 January 1992.

36. His delegation would also like to be reassured that any simplification of financial reporting procedures would not affect the quality of the programme or depart from UNDP's Financial Rules and Regulations; that government execution would not involve any considerable increases in staffing requirements in field offices; that the new support cost arrangements would be applied only if the recipient Governments had the necessary management capacity; and that the arrangements would be as simple as possible and sufficiently flexible so as not to disadvantage small technical agencies, sufficient time being provided for the larger agencies to adjust to the new régime. Moreover, the new régime should not cost more than the present one and should be so designed as to reduce the overall cost of delivering technical assistance.

37. In general, his delegation agreed with the comments of the delegations of the Federal Republic of Germany, the United Kingdom and the United States regarding successor arrangements for agency support costs. The specialized agencies must be allowed to play the major role entrusted to them by the General Assembly in resolution 44/211, while at the same time maximizing cost-effectiveness, in particular by encouraging competition for project implementation. The technical and operational support costs of the agencies should be funded in part from a new technical support fund and in part from the regular agency budgets.

38. Mr. KRAMER (Canada), referring to the question of successor arrangements for agency support costs, said that the President's report (DP/1990/71) stated the problem very well. Those costs were currently too high and the international taxpayer was rightly alarmed. The Council would be well advised to adopt a two-phased approach: at the current session, it should decide on a policy framework and request the various secretariats concerned to forward their detailed proposals on ways of implementing it. It would be sufficient, for the time being, to decide to de-link the system applying to UNFPA from that of UNDP; to establish a mechanism to cover the costs of technical services from agencies at the programme level (for example sector studies); to centralize the management of technical support services at the project level; to change administrative and operational support costs to IPFs, thus associating Governments more closely in the management of the project cycle; and lastly to give some thought to instituting a system of differential rates for different services.

39. Regarding the issue of national execution, he was afraid that the proposals of the Administrator (DP/1990/33, particularly para. 13) gave the impression that the existing tripartite relationship would be replaced by a bilateral connection between UNDP and the recipient countries from which the agencies would be excluded. His delegation would oppose any such exclusion. He recognized, however, that the Administrator did not wish to wait until national authorities had acquired all the desired capacity before entrusting them with project execution. The key point was that UNDP should provide Governments with the necessary support and that it should be in a position to carry out its responsibilities to the donor countries of monitoring, supervising and evaluating as the case required. Since the Administrator had not specified the modalities of such support, his delegation assumed that it was the specialized agencies which would be called upon to provide the

essential technical support. The idea of making the UNDP field offices responsible for organizing support services in the field also required further examination, since care must be taken not to replace one bureaucracy with another.

40. His delegation agreed with the objectives of national execution as set out in paragraph 19 of the Administrator's report. It was in favour of the idea that the transfer of responsibility should be accompanied by a strengthening of national capacity to undertake it. The distinction between "execution" and "implementation" would have the advantage of providing for the participation of the United Nations system in the definition of technical options and modes of implementation. At the same time, noting that the role envisaged for United Nations technical and specialized agencies was not well spelled out, his delegation urged the Administrator to remedy that situation and also to formulate his proposals regarding the use of resources and measures to strengthen national executing capacities more clearly.

41. Mr. FONDI (Italy) also considered that the time had come to rationalize the relationship between UNDP and the other development agencies of the United Nations system. The Council should therefore lay down policy guidelines at the current session for the future arrangements to be adopted for agency support costs. Those arrangements could always be amended at a later stage if necessary. It went without saying that they should not arouse opposition among the agencies, which should be encouraged to make as many constructive suggestions as possible regarding their mode of association with UNDP. Care would have to be taken to arrange for a gradual transition from the old system of association to the new in order to avoid any traumatic disruption.

42. The new arrangements should pave the way for the gradual introduction of national execution but to that end it would be necessary to strengthen national capacities case by case so that, ultimately, the agencies would have only a consultative, technical or specialized function, in the shape of a new mechanism for technical support services at the programme level and support services at the project level. In his delegation's view, the agencies should finance their institutional activities from their own regular budgets; it would also be desirable to encourage those agencies which wished to execute UNDP-financed projects to compete with one another. The idea of charging part of the cost of technical services to IPFs at the project level deserved further consideration.

43. Although Italy was strongly in favour of promoting national execution immediately, it should be understood that such an arrangement should not simply mean that the agencies or the Office of Project Services would be asked to provide the necessary technical or administrative support. Furthermore, Governments should always have power to decide at what time and to what extent they were ready to assume responsibility for project execution.

44. Mr. PASQUIER (Switzerland) said that, since the Administrator's proposals had been submitted rather late, the analysis of their implications was not sufficiently advanced to provide grounds for any final decision. His delegation therefore considered that, as the President had suggested, a two-stage approach should be followed. As far as support costs were

concerned, it was in favour of establishing a system for calculating costs, for the reasons put forward by the representative of the Federal Republic of Germany among others. With regard to national execution, he observed that development programmes were in any event national programmes and that external aid must always play a complementary role. What was important above all was that the content of subsidiary technical assistance programmes should be relevant. At the programme formulation stage, the specialized agencies, together with national bodies, should play a larger role within the framework of the sectoral and subsectoral programming of UNDP resources (and simultaneously other resources). At the execution stage, the responsibility of the specialized agencies and the Office for Project Services should be gradually reduced and that of the recipient countries increased. In particular, it was important to avoid the Office for Project Services assuming functions hitherto carried out by the specialized agencies. As a number of speakers had already pointed out, enhancing national execution should be directed above all at two objectives: strengthening national capacities and reducing administrative costs.

45. Mr. JASINSKI (Poland) said that all delegations were agreed in recognizing the primary importance of the quality of the end product: in other words, of making sure that the programmes and projects financed by UNDP achieved their purpose within a reasonable time. Unfortunately, the quality of a large number of projects was not always what might have been desired, despite the steady and undeniable progress that had recently been made.

46. Like technical co-operation as a whole, the execution and implementation of projects was a tripartite enterprise, in which each of the three partners bore a share of the responsibility. His delegation had listened with great attention to the statements of the agency representatives, in particular those of FAO, UNIDO and the World Bank, which had stressed the importance of operational activities to those agencies and the importance they attached to improving the results obtained from such activities. Because of the skills and experience they had acquired, the specialized agencies were in a position to attack the complex problems of the developing countries while at the same time improving the effectiveness and transparency of their contribution to technical co-operation programmes and projects.

47. The recipient Governments for their part, should strengthen their capacities, with the assistance, if necessary, of UNDP and the agencies. If they received the desired support, Governments would be in a better position to ensure the national execution envisaged in resolution 44/211. That resolution, moreover, should be applied to the full, with Governments being primarily responsible for the conception and management of the external assistance they received.

48. He praised the quality of the documentation - including the report of the expert group circulated as document DP/1990/9 - prepared for the consideration of the important item under discussion. His delegation endorsed a large proportion of the conclusions and recommendations in chapter VIII of the report. The Governing Council should show at the same time openness and the necessary caution in regard to the proposed changes. It should avoid haste, proceed step by step, and subject any solutions to the test of experience before implementing them on a large scale.

49. Mr. GUNDUZA (Zimbabwe) said that the ultimate objective of the assistance provided by UNDP should be national execution. However, the possible effects should be carefully analysed. It was possible that the agencies might see the proposal as an attack on the Consensus of 1970 and might attempt to obtain a greater volume of resources from bilateral donors. Apart from the fact that such action would gravely impair UNDP's role as the central financing body, it would have repercussions on the volume of resources that UNDP could hope to have at its disposal for its fifth programming cycle. It was also possible that national execution might increase UNDP's administrative costs. Lastly, if project execution was to be entrusted to Governments, they must have available to them adequate and properly trained personnel. Accordingly, national execution must either be introduced gradually according to a timetable which might differ from that proposed by the Administrator, or case by case, in instances where Governments were capable of assuming responsibility for execution. It would also be desirable to simplify the rules for financial reporting, with a view to lightening the administrative burden generally associated with national execution of programmes and projects.

50. Regarding the future arrangements for financing project support costs, his delegation congratulated the President and those who had assisted him in his task on the quality of the related report (document DP/1990/71). His delegation endorsed, in general, the recommendations contained in it. In its view, the new arrangements should aim at promoting and assisting national execution.

51. Mr. NICULESCU (Romania) said that he would confine his comments to a few points. First, his delegation had no difficulty in accepting the definition of national execution in the Administrator's report. However, the legal aspects of government accountability to the Administrator called for further examination. Second, the transition to national execution must be gradual, so that the necessary conditions for such execution were first ensured in most of the recipient countries. Third, regarding support cost successor arrangements his delegation endorsed the principles set out in the President's interim report, dated 2 May 1990, which could serve as the basis for a decision by the Council. The charging of support costs to project indicative planning figures, however, should not be at the expense of country programmes. The IPFs should therefore be increased in order to promote national execution. The Council was expected to reach a decision on those questions at the current session. His delegation was ready to participate in an open and constructive spirit in any further negotiation.

52. Mr. OSUNA (Spain) said that while his delegation was in favour of the national execution of projects it regarded the Administrator's proposal that all UNDP technical co-operation activities financed from national IPFs which started after 1 January 1992 should be executed by national bodies as unrealistic. There was no guarantee that the necessary human resources would be available, unless UNDP offices were in a position to provide the recipient countries with the necessary advisory services. His delegation shared the view already expressed that national execution should be introduced gradually. It believed it was the recipient governments themselves that should determine the share of responsibility they wished to assume in the execution of projects, as that seemed in conformity with the spirit of General Assembly resolution 44/211.

53. Self-sustaining development should be regarded as the goal to be achieved in the next few years and UNDP should seek to combine national execution and external assistance in the appropriate proportions. For that purpose, it should take account of the fact that the provision of external technologies and technological exchanges were often earnests of further development. Those Governments which opted for execution by national bodies alone should undertake to submit reports to the UNDP Administration which would clearly show the real costs of programmes and projects and above all the effects they were expected to have on the country's development. It was therefore necessary to establish a simple and speedy method of analysing cost-effectiveness that would make it possible to determine the advantages expected and the population to benefit from them.

54. As the representative of the Netherlands had noted, the point at issue was the effectiveness of technical co-operation, not the survival of the agencies. It also seemed reasonable, as the representative of UNIDO had commented, that the way in which programmes and projects were to be executed should be specified, as well as the responsibility of the different bodies which would take part in that execution.

55. The quality of technical assistance should be the main concern of all the multilateral organizations, but it was not easy to reconcile the requirements of financial profitability and of development, while at the same time seeking to make the activities of development assistance bodies as effective as possible. The existing system must be simplified by making appropriate corrections as they proved necessary.

56. His delegation believed it was not appropriate to charge administrative costs to national IPFs. Those costs should be accurately determined, however, and the paper work should be reduced to a minimum. The technical bodies should be capable of properly carrying out the projects for which they were responsible. The specialized agencies were required to provide the services requested of them and those services should be remunerated. Since there were technical executing agencies, it was unreasonable for them not to take part in project execution just when the idea of sectoralization was beginning to take hold. It was also important for the identification, formulation, follow-up and evaluation of projects to be carried out according to simple and speedy procedures designed to reduce administrative costs.

57. The problem of support costs merited the Council's close attention, for if the aim was to improve the technical assistance system, that should be done effectively. Even if the Council took no final decision on the matter for the time being, it should at least approve the guiding principles to be followed. It would also be necessary for the UNDP Administration and the agencies to agree on the preparation, for the Council's February session, of specific guidelines for improving the existing system, avoiding duplication and ensuring better sectoral co-ordination between multilateral and bilateral activities in the recipient countries.

58. Mr. AL-FARSY (Observer for Oman) said that his delegation approved the arguments presented by the Director General of FAO in document DP/1990/INF/3 on the question of future arrangements for the reimbursement to FAO of support costs the agency incurred in executing UNDP-financed projects. However, it was in favour of reducing the rate of 13 per cent, which was too heavy a burden on the recipient developing countries.

59. Mr. PENZIN (Union of Soviet Socialist Republics) said that the General Assembly, in resolution 44/211, had indicated the path to be followed. The role of the Governments receiving aid should be increased and their prerogatives in decision-making should be respected. Conditions should be created that would enable national capacities to be utilized to the full. His delegation believed that, given the constantly changing needs of the recipient countries, the existing system of technical assistance should be modified. There was nothing immutable about it and it had given rise to criticism from various quarters. Moreover, the matters under consideration (support costs, national execution, decentralization, the programme approach) formed a single whole. Above all, however, the changes proposed must not impair UNDP's neutrality. All decisions should be taken by consensus. His delegation was convinced that national project execution and the acquisition by recipient Governments of the necessary capacity for such execution were the goal of development. It agreed with the Japanese delegation that attaining that goal was a continuing process and not a one-time action. A number of the comments which had been made should be borne in mind, including those of the Director General of FAO and the Director General of UNIDO. Care must be taken to see that the agencies' sectoral monopoly was not replaced by the monopoly of private enterprises and that assistance did not gradually lose its multilateral nature and become bilateral. Several delegations had expressed a wish for explanations of certain features of assistance. All the proposals should be studied in detail and without haste. He paid a tribute to the efforts of the President of the Governing Council to bring about a consensus, even if it was necessary for the time being to acknowledge the existence of divergent opinions.

60. Mr. FORBES-WATT (Food and Agriculture Organization of the United Nations), speaking also as Chairman of the support costs task force of the Consultative Committee on Substantive Questions (Operational Activities), endorsed the comments of the representative of UNIDO and said that there should be no doubt that the specialized agencies were in favour of national execution. At present, even when the executing agencies were specialized agencies, a large part of the execution was in fact "national", with project directors and experts being nationals of the recipient countries. Moreover, the specialized agencies had already begun to lend assistance to projects directly executed by national entities, although for the time being that represented only 12 per cent of the expenditure financed by UNDP. The agency link called, however, for a more specific definition.

61. Most of the projects that received assistance from the specialized agencies helped to strengthen national capacities. Furthermore, the agencies were devoting considerable effort to training courses and programmes for national project and programme managers. That training, which was very serious and specific, was provided either at the headquarters of the agencies concerned or in the country itself. That type of training should be strengthened and consideration might well be given to setting aside some $50 million for it in the new programming cycle.

62. The comparison that had been made between the execution of projects financed by the World Bank and the technical assistance financed by UNDP called for some comment. Those activities differed very substantially both in scope and nature. The number of projects currently being executed by national

entities was still very small, and there should be more of them. Over the last 14 months, the task force team had met on several occasions to study the question of support costs and had arrived at a co-ordinated position. In particular, it believed that any new arrangement should not be applied in a differentiated way since that would be counter to the Consensus. The only exception should be the case of the small single-sector technical agencies (as identified in 1980).

63. Regardless of the outcome of the current debate, the examination of the questions of support costs and national execution would have to continue in the 9 to 12 months that lay ahead. The work would devolve basically on the secretariats of UNDP and of the specialized agencies, which would have to take a joint and agreed approach and arrive at joint proposals for consideration by the Council. UNDP was an active member of the Consultative Committee and both he and the representatives of the specialized agencies which were members of the task force were convinced that mechanisms were available to them which, provided the necessary effort was made, would make it possible to complete that important task in time.

64. Mr. FERNANDEZ (Observer for Liberia) shared the view of the United States representative that the Administrator's report on government execution set out a general strategy to be applied. It was some 15 years since the General Assembly had recommended, in resolution 3405 (XXX), that execution by Governments should be developed, yet only 13 per cent of the technical assistance financed by UNDP was at present executed by Governments. It was important, therefore, for that aim to become a reality, if possible by the end of the fifth cycle. To do so, it would be appropriate to envisage a transitional period, as several delegations had suggested. It should also be recognized that certain developing countries which had acquired the capacity to execute projects would probably want to use that modality directly, and account should be taken of that fact. The transitional phase could begin in 1992. In the meantime, UNDP might be asked, together with the executing agencies, to study the matter in detail and report to the Governing Council in February 1991.

65. His delegation could not help noting that the current discussion was curiously similar to the debate which had preceded African independence, when the Africans had been told that before attaining independence they must first reach a certain level of development. Fortunately, the African countries had attained independence nevertheless, and, even if everything was not going as well as might have been hoped, a development process was nevertheless firmly under way.

66. The reason why certain Governments were not executing programmes and projects themselves might be that they still lacked the necessary capacity, that they did not wish to use that modality or because they were not fully aware of the capacities they possessed. His delegation believed that all countries had the necessary potential to execute programmes and projects and that what was required was to transform that potential into genuine capacity.

67. Mr. GIELING (Belgium) said that his country, which had already started on a programme of co-management (at the bilateral level), was particularly interesed in government execution and was anxious to promote it at the

multilateral level, with, of course, the assistance of all the competent national social and economic agents. In very many cases, Governments would continue to need the assistance of UNDP and other agencies and institutions, at least for a number of years. In that connection, Belgium stressed the importance of developing capacity of all types and in all fields, in particular that of national execution. To that end, the Council should agree on a set of appropriate rules and procedures.

68. As far as agency support costs were concerned, Belgium believed it was necessary to proceed cautiously. The changes made should not cause any disruption. It was essential to prevent a financial crisis for the executing agencies as a result of the modification of the system. Nevertheless, those organizations should take the necessary rationalization measures. In that connection, Belgium joined those delegations which had stressed the importance of a good system for measuring costs. It was clear, however, that the executing agencies must also gradually reduce their executing activities and undertake a far-reaching review of their respective fields of operation while at the same time gradually moving towards the new modality of national execution.

69. Mr. INOUE (International Labour Organisation) said that the issue of agency support costs was not a matter of the rate or amount of reimbursement but of the effectiveness of the United Nations system of technical co-operation meeting the needs and priorities of the developing countries. A genuine partnership among the members of the tripartite relationship must be maintained so as to constitute a foundation for fruitful co-operation between Governments and United Nations bodies in the 1990s.

70. The International Labour Organisation considered that successor arrangements for support costs should be governed by the following basic principles: (a) The promotion of self-reliance and the strengthening of national capacity shall be the ultimate objective of technical co-operation. Furthermore, national execution of projects should be expanded in a manner consistent with national capacity; (b) To enable the developing countries to derive the maximum benefit from the assistance they received, full use should be made of the expertise and managerial capacities of the specialized agencies at all stages in the programme and project cycle; (c) There should be no duplication of support infrastructure between UNDP and the agencies; (d) The new arrangements should: (i) promote different modalities of project execution; (ii) provide reasonably stable and predictable support cost income; (iii) promote coherence, efficiency and effectiveness; (iv) be capable of application to all sources of funds; and (v) be simple to understand and administer; (e) The new arrangements should be the result of a consensus reached in a spirit of partnership; (f) The transition to the new arrangements should be carried out in an orderly and progressive manner.

71. Mr. Popescu resumed the Chair.

72. Mr. DEMONGEOT (United States of America) endorsed the recommendations in the report on support costs. As far as the guiding principles were concerned, he shared the view that the new arrangements should encourage Governments to assume increasing responsibility for the management of projects financed by United Nations bodies and for administrative tasks. The United States was

therefore in favour of national execution as the ultimate ideal modality and hence of a parallel reduction in the role of the executing agencies and the Office for Project Services in the direct execution of projects. It believed that while the process should be gradual it should be carried out as speedily as possible.

73. The new arrangements should enable the organizations to place greater emphasis on programme assistance and make their technical support more effective. He stressed in particular the importance of ensuring that, regardless of the mode of execution, management should be provided at the country level by national bodies, with the two other partners nevertheless continuing to play an effective role. He hoped that the new arrangements would promote decentralization of the agencies' technical capacities, to enable them to take part fully, as and when called upon, in all aspects of execution and to identify any new needs in order better to respond to them. In that connection, he would like the sectoral support provided for in the budget for the fifth cycle to be examined within the framework of support costs.

74. The United States recognized that the system applicable to UNFPA should be dealt with separately, as should that for other agencies or bodies which played only a small part in the execution of UNDP-financed projects.

75. The United States believed that UNDP's contribution to the financing of the principal sectoral organizations would help them to strengthen their capacity and their readiness to provide UNDP with the necessary advice and technical support. Consequently, it supported the idea of allocating a certain sum for financing the technical support services provided by the main sectoral organizations. With regard to project support services, his delegation considered that UNDP should finance part of the technical support and that administrative support should be charged to the project budget. It also considered that, as far as possible, support for capacity development should be financed out of general resources. The administration of technical support for projects should be centralized in order to encourage countries to use the technical capacities of the organizations, whose role should be specified in the planning of each project. UNDP should bill projects for technical support at a uniform rate for a given set of technical services. Finally, the United States agreed that the decisions that would have to be taken, including those relating to protection against currency fluctuations, should be postponed until the thirty-eighth session.

76. Mr. RAHEEM (United Nations Development Programme) said that in his report on government execution (DP/1990/33) the Administrator had advocated a change of strategy, without entering into the details of the strategy, which were to be worked out gradually. The idea was to put in place a basic structure that would make it possible to elaborate the necessary rules at a later stage.

77. The new programme approach had already been the subject of many discussions and consultations. It was nevertheless still too soon for UNDP to be able to draw conclusions from the debate. In a few months, however, it would undoubtedly be in a position to submit a definition and a number of proposals to its partners in the United Nations system.

78. With respect to OSP and its ambitions in the context of national execution, several delegations had commented that the Office could be strengthened by such a modality. He did not see the situation in that light. In 1989, OSP's share in the funds allocated for IPFs had amounted to 7.8 per cent and, if its share of costs and Special Programme Resources were added, to 9.5 per cent. Those percentages had remained virtually the same for the last 10 years and there was no reason to believe that they would be altered by the principle of national execution. The Office would no longer act as an executing agent but it would continue to provide services on request as a co-operation body, in particular in connection with the development of executing capacities within Governments and national bodies.

79. The support group for strengthening management capacities and the field offices acted jointly and there was no question of favouring the latter at the expense of Governments, since in a world where possibilities of co-operation for development were constantly increasing there was room for all. With regard to control of expenditure, he drew attention to document DP/1990/65 which stressed the importance of strict monitoring and auditing of accounts. The Administrator had, without any increase of personnel at headquarters, established machinery for monitoring the compliance of national execution with the financial regulations.

80. He recognized that the structure, capacity and management role of the network of field offices and their relations with headquarters would be profoundly affected by the new system of execution and that it would be wise to monitor that evolution and keep the Council informed. It would be impossible to envisage all the implications in respect of personnel and resources while the Council's decisions were being taken, but the Administrator would take the Council's views fully into account.

81. Regarding the evaluation and monitoring of UNDP activities, he recalled that the Council had approved arrangements whereby outside specialists were to be called in. A number of delegations had also stressed the importance of training and of keeping up to date. He assured the Council that UNDP would seek to promote activities of that kind as far as its resources permitted.

82. UNDP had taken note of the requests made for greater effectiveness in the area of execution and for simplification of the rules and procedures.

83. The PRESIDENT said that, in the absence of objection, he would take it that the Council agreed that the drafting group should commence preparation of a draft decision on agenda item 4 (b) (x) and that the related administrative and financial questions should be considered by the Budgetary and Finance Committee, on the understanding that those questions were closely linked with the informal consultations on agency support costs.

84. It was so decided.

85. The summary record of the remainder of the meeting appears as document DP/1990/SR.28/Add.1.

UNITED
NATIONS

DP

Governing Council
of the United Nations
Development Programme

Distr.
GENERAL

DP/1990/SR.29
20 June 1990

Original: ENGLISH

GOVERNING COUNCIL

Thirty-seventh session

SUMMARY RECORD OF THE 29th MEETING

Held at the Palais des Nations, Geneva,
on Tuesday, 12 June 1990, at 10 a.m.

President: Mr. POPESCU (Romania)

later: Mr. HAMADZIRIPI (Zimbabwe)

CONTENTS

Other matters (continued)

(d) Least developed countries (continued)

Programme implementation (continued)

(e) Special programmes

(ii) Role of the United Nations Development Programme in the implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990

(i) Assistance to national liberation movements recognized by the Organization of African Unity

This record is subject to correction.

Corrections should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent within one week of the date of this document to the Official Records Editing Section, room E.4108, Palais des Nations, Geneva.

Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

GE.90-61586/2017B

The meeting was called to order at 10.05 a.m.

OTHER MATTERS (agenda item 10) (continued)

(d) LEAST DEVELOPED COUNTRIES (continued) (DP/1990/89)

1. Mr. RADE (Netherlands) said that his delegation agreed with the priorities listed in section II, A, of document DP/1990/89, but inquired how they related to those in the funding strategy document, which were almost identical.

2. The roles of UNDP in the population sector and of the United Nations Environment Programme (UNEP) in the environment sector must be carefully co-ordinated. His Government was pleased that the United Nations Capital Development Fund (UNCDF) had created a series of projects awaiting commitment. The Second United Nations Conference on the Least Developed Countries, to be held in Paris in September 1990, and the generally satisfying results achieved by UNCDF might lead to an increase in pledges. But UNCDF should currently concentrate on effective execution and evaluation of the projects already undertaken rather than the formulation of new project proposals.

3. In the view of his delegation, a decision on the future of the Special Measures for the Least Developed Countries (SMF) Fund should be postponed until after the Paris Conference. The outcome of the fifth programming cycle discussion would also have a bearing on the pattern of pledging to the SMF. His delegation fully subscribed to the view expressed in section II, F, that scenarios 9 and 10 would be best suited for focusing the scarce resources available for technical co-operation on the poorest countries, and in particular the least developed countries (LDCs).

4. Mr. PETTITT (United Kingdom) said his delegation considered that section II, A-E, of document DP/1990/89 should be viewed as UNDP's opinion and as a record of action. It supported the priorities set out in section II, A, of that document. It agreed with the United States delegation on the need to redefine the term "least developed country", but the current definition should be retained for the purposes of the Paris Conference.

5. Section II, F, should be drawn to the attention of those negotiating the fifth programming cycle. Various scenarios should be proposed for the LDCs. In particular, further consideration should be given to the question whether the LDCs should be defined according to usage outside UNDP or within UNDP, and whether the three countries treated "as if" they were LDCs should be included.

6. Mr. EL-FERJANI (Libyan Arab Jamahiriya) said that it was important to encourage implementation of the Administrator's proposal; the Administrator must ensure that the developing countries could participate in the Paris Conference and give priority to obtaining more resources for them.

7. Mr. LIU Lianke (China) stressed the importance of the Paris Conference. The economic situation of the LDCs had deteriorated, and the goals set at the first Conference on the LDCs had not been attained. Economic growth in those countries over the past decade had been 2.2 per cent as opposed to a targeted 7.2 per cent, export income had fallen, their foreign debt had doubled,

and ODA had stagnated. Any solution to the problems facing the LDCs called for international support, a reform of unjust international economic relations and an improved international environment.

8. UNDP should increase the IPFs allocated to the LDCs in the fifth programming cycle. It should draw upon the United Nations Capital Development Fund (UNCDF), to which the developed countries should step up their contributions. The Fund should also make better use of its resources.

9. China, which enjoyed good relations with the LDCs, had undertaken many activities over the years to support them within its capabilities and would continue to enhance its economic and technical co-operation with them in the future.

10. Mr. GIELING (Belgium) said that the LDCs must be given absolute priority, in particular in the allocation of non-reimbursable UNDP assistance. His delegation was not convinced, however, of the need to decide upon a specific figure as an objective for the LDCs. More UNDP resources should be set aside for activities which would make an impact in those countries. It would be interesting to refine still further the human development indicator and examine its impact on the criteria serving as a basis for the definition of the term "least developed country" and on resource allocation.

11. Mr. ROHNER (Switzerland) said that UNDP must use IPF allocations and special programmes, in particular UNCDF and UNV, to step up the assistance it provided to the least developed countries. It must play an active role at the Paris Conference, offering its broad range of experience.

12. His delegation suggested that the study commissioned by UNCTAD ("Aid co-ordination and effectiveness: Least developed countries, 1981-1989") should be discussed soon at the current session, because the Preparatory Committee for the Paris Conference had been unable to examine it. It was also essential to obtain an independent evaluation of UNDP efforts in strengthening the co-ordination capacity of recipient countries. Round-tables, consultative groups and on-site co-ordination must increasingly be carried out by Governments themselves. UNDP should report on its experience in that area.

13. Mr. HAMADZIRIPI (Zimbabwe) said that the resources allocated to the LDCs in the fifth programming cycle should be used for programmes that fully reflected the priorites which those countries had themselves identified. Fifth cycle allocations to the lower-income countries must be a matter of priority.

14. His delegation welcomed the enhanced size and effectiveness of UNCDF, but more resources were needed to enable the Fund to fill the gap between pre-investment, technical co-operation and capital financing from bilateral and multilateral development institutions. UNCDF procedures must also be streamlined to respond more effectively to the needs of the LDCs.

15. With regard to paragraph 26 of document DP/1990/89 on the possible uses of the Special Measures Fund, it was the understanding of his delegation that the Fund's mandate would be subject to the report to be submitted by the Administrator to the Council in 1991.

16. Mr. FERNANDEZ (Observer for Liberia) said he was pleased to note the importance attached to the role of people in development. The World Bank report entitled "Sub-Saharan Africa, from crisis to sustainable growth - A long-term perspective study" must be put in its historical context: it had appeared after the African countries had expressed concern about the World Bank's approach in that area. People must be the architect of their own development. It was unfortunate that the report had made no mention of activities being carried out in Africa by the people themselves.

17. His delegation inquired whether subparagraphs (a) - (i) of paragraph 15 of document DP/1990/89 had been listed in order of priority and, if so, wondered how that order had been arrived at and whether the lack of absorptive capacity referred to in subparagraph (c) had been the primary concern behind subparagraphs (a) and (b).

18. The Committee on Development Planning (CDP) had recommended that Liberia should be included on the list of least developed countries. As the Paris Conference would be held prior to final endorsement of that recommendation, his delegation requested an interim arrangement to enable Liberia to receive assistance in preparing for its participation in the Conference.

19. Mr. IVERSEN (Federal Republic of Germany) pointed out that there would be only limited private-sector flows from the developed countries to the LDCs; ODA on a grant basis must therefore be the main modality for foreign contributions. The best preparation for the Paris Conference would be to give wider country IPF shares to the LDCs when deciding on the fifth programming cycle. UNDP should also strengthen the NATCAP and round-table processes. Although the Programme did provide channels for support, without the above-mentioned activities it could not take meaningful steps to contribute to the development of the LDCs.

20. Mr. GEPP (Brazil) speaking on behalf of the Latin American and Caribbean countries, expressed support for the priorities established to combat economic stagnation and poverty. His delegation welcomed the efforts made by UNDP in the 1980s to confront the problems of the LDCs. Unfortunately, the increases in assistance to those countries had been to the detriment of other countries which, although not in a similarly difficult situation, also attached high importance to multilateral co-operation for their development needs.

21. On the basis of the Administrator's report (DP/1990/89), three possibilities emerged for helping the LDCs during the fifth cycle: a substantial increase in UNDP voluntary contributions, amounting to more than 10 per cent annually in real terms; additional IPF allocations from funds and other programmes; and a reallocation of IPF country resources for the LDCs, if the increase in resources did not exceed 6 per cent annually. The donor countries must realize that a real effort was needed to make additional resources available to the LDCs, whether through the SMF, UNCDF or other funds. The transfer of resources from countries which, although not in as serious a situation as the LDCs, required UNDP co-operation would have a disastrous impact on their development efforts. In the view of his delegation, consideration of financial co-operation with the LDCs should be deferred until informal consultations had been held on the fifth programming cycle.

22. Mr. GOPINATHAN (India) considered that the priorities listed in paragraph 16 of document DP/1990/89 should have been drawn up by the LDCs themselves, and not by the UNDP secretariat.

23. Mrs. SHALABY (Observer for Egypt) said that co-operation must be enhanced and resources made available to the LDCs to ensure their sustained development in the 1990s. Her delegation supported giving priority to the LDCs, provided that each country could set its own priorities in accordance with its needs. It was important to attract bilateral aid, for example through the round-table process. Human resources must be developed, and a strategy must be formulated to promote economic development by cancelling debts and allowing LDCs to pursue structural adjustment programmes based on the capacity of each country to undertake the requisite reforms. The country IPF allocations for the LDCs must be increased in real terms by augmenting voluntary contributions and by helping the LDCs to withstand the adverse effects of inflation. But a growth in programme resources for LDCs should not be an excuse for reducing resources for other developing countries. UNDP must also support the funds established by the LDCs themselves.

24. In preparations for the Paris Conference, use should be made of the UNCTAD studies on the LDCs. His delegation was pleased that the Preparatory Committee for the Conference had asked UNDP to step up its support for the Conference.

25. Mr. TALUKDAR (Observer for Bangladesh) said that during its meetings in March and April 1990, the Preparatory Committee for the Second United Nations Conference on the Least Developed Countries had prepared proposals for national and international measures for the LDCs for the 1990s, for consideration by the Conference, and had also had a chance to discuss priorities for the LDCs for the decade. Those proposals had already been made available in a document. Action was called for in three very important areas: the quantitative resource target for the LDCs, debt relief, and market access for their exports. He asked members of the Council to bring those three important issues to the attention of their Governments, for consideration at the appropriate level, so that decisions could be taken at the Paris Conference. His country was considering participating in the Conference at the highest political level, and would be happy to see that level of participation matched by as many countries as possible.

26. One item that had remained pending during the discussions in the Preparatory Committee was the question of UNDP resources for the IPFs of the least developed countries. The delegation of France had proposed that during the next cycle such resources should be increased from the present level of 43 per cent to 60 or 70 per cent. His delegation had noted with appreciation the understanding displayed, during the debate in the high-level segment, of the needs of the LDCs, and the emerging consensus that the overwhelming proportion of UNDP resources should be allocated to IPFs for those countries in the next cycle. His delegation urged members of the Council to give those proposals earnest consideration during the informal consultations, so as to arrive at a consensus, in line with the French proposal, to make available enhanced resources in real, and not merely nominal, terms.

27. Mr. MIZUKOSHI (Japan) said that his Government was making every effort to foster development of the LDCs, inter alia, through grant assistance to compensate for their debt burden. However, such bilateral grant assistance would produce maximum results only when combined with efforts to increase the self-reliance and national capacity of the LDCs. UNDP had a major role to play in that regard, and his delegation expected a strengthening of UNDP assistance to those countries during the fifth cycle.

28. Mr. CHAUDOUET (France), referring to the statement by the observer for Bangladesh, said that his delegation fully concurred with its content, subject to two slight qualifications. First, among the priorities for the LDCs in the 1990s that had emerged from the discussions in the Preparatory Committee, Bangladesh had cited market access for LDC exports. The issue was certainly an important one, but his delegation felt that what was of paramount importance was to regularize LDCs' export resources, and specifically, commodities.

29. Secondly, in his appeal for higher IPF resources for the LDCs during the next cycle, the observer for Bangladesh had mentioned a figure higher than the 60 per cent France had in fact proposed. It was his delegation's view that a higher figure might lead to massive transfers of resources at the expense of UNDP aid to other categories of countries.

30. The representative of Switzerland had requested that UNDP should examine the study commissioned by UNCTAD, on round-table and consultative-group meetings. His delegation was aware of the importance of those study and support processes to the LDCs and thus fully supported the Swiss proposal. It hoped that UNDP would examine the study as soon as possible, perhaps at the February 1991 special session.

31. Mr. LOUP (Regional Bureau for Africa) thanked members of the Council for their wide support for the priorities presented in document DP/1990/89 and not least, for the support provided by non-LDC developing countries. Needless to say, he fully agreed with the representative of India that each LDC Government must define its own priorities. In response to the question by the Netherlands representative about the relationship between the priorities concerning LDCs set forth in section II, A, of document DP/1990/89 and those presented in the funding strategy, he confirmed that they were indeed fully in line, and that any differences were purely a matter of emphasis, attributable to each LDC's particular circumstances.

32. With regard to the points made by the representative of Liberia, he acknowledged that document DP/1990/89 did not mention a number of important meetings that had taken place in Africa. Such omissions were attributable purely to lack of space. The observer for Liberia was also correct in assuming that there was no order of priority in the list of issues concerning technical co-operation set forth in paragraph 15 of the report. The question of Liberia's participation in the Paris Conference would be looked into, in consultation with UNCTAD, so as to ensure that its participation was as effective as possible.

33. He had noted the suggestion by the representative of Switzerland, supported by the representative of France, about the possibility of discussing the UNCTAD evaluation of round-table and consultative-group meetings, and would welcome and support such a proposal. He also confirmed, for the benefit

of the representative of Zimbabwe, that, in accordance with decision 90/2 of 23 February 1990, a report would be prepared on the Special Measures Fund for LDCs in time for the next session. With regard to the definition of the LDC category, that definition had been approved by the General Assembly on the recommendation of the Economic and Social Council, which had reached its decision on the basis of recommendations by the Committee for Development Planning. However, it was possible that the question might be discussed at the Paris Conference.

34. The PRESIDENT said that, if there was no objection, he would take it that the Governing Council agreed that the Drafting Group should begin framing a draft decision on agenda item 10 (d).

35. It was so decided.

PROGRAMME IMPLEMENTATION (agenda item 4) (continued)

(e) SPECIAL PROGRAMMES

(ii) ROLE OF THE UNITED NATIONS DEVELOPMENT PROGRAMME IN THE IMPLEMENTATION OF THE UNITED NATIONS PROGRAMME OF ACTION FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT 1986-1990 (DP/1990/30)

(i) ASSISTANCE TO NATIONAL LIBERATION MOVEMENTS RECOGNIZED BY THE ORGANIZATION OF AFRICAN UNITY (DP/1990/29)

36. Mr. DAMIBA (Director, Regional Bureau for Africa) said the current pace of political and social change suggested that the nature of social and economic development would continue to undergo significant transformations well into the twenty-first century. In most cases, radical changes were being achieved by peaceful means. But in some areas of the impoverished third world, monumental political tension and extreme economic pressure were already providing fertile ground for conflict, to say nothing of what might lie ahead if meaningful changes did not occur.

37. Africa's current situation was shaped by the unresolved issues of the 1980s, a decade characterized by a desperate struggle with mounting debt, ongoing protectionism, falling commodity prices, declining flows of investment and capital flight, mass poverty, and resultant social and political unrest. Global initiatives on those issues must remain the top priority on the world agenda. At the country level, second-generation programmes of economic stabilization and adjustment were being tempered in the light of experience, and there were now few, if any, countries not engaged in some form of structural adjustment. Significant achievements by a few developing countries in East and South-East Asia, together with progress towards greater economic co-operation, were creating new commercial realities. And in Europe, 1992 promised to be one more major milestone in a continent-wide process of political and economic transformation and integration.

38. The fundamental characteristics of those trends were the search for new political structures, for new or redefined societal goals, for social and economic solutions that were internally defined and democratically set, and for sustainable growth. Their implications for the international community and for the United Nations would be worked out in the months ahead in the Economic and Social Council, at the Paris Conference on the Least Developed

Countries, in the General Assembly, and at the Africa consensus-building conference at Maastricht (Netherlands) the following month. The challenge facing the Governing Council was to adapt the future course of technical co-operation to those changing circumstances.

39. In the global context, Africa's commitment to long-term transformation and economic restructuring was irreversible. The debate on the design of adjustment programmes, focusing on long-term economic transformation strategies and regional co-operation, had been an enriching process from which consensus had emerged. The Lagos Plan of Action, Africa's Priority Programme for Economic Recovery (APPER) and the United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD) had been accepted by Africa's partners as frameworks within which development would take place. Long-term growth should never be subordinated to narrow short-term goals. Shifts in the World Bank approach, and General Assembly endorsement of ECA's Alternative Framework to Structural Adjustment Programmes had recently produced a noteworthy degree of consensus on the desirable economic policy elements for Africa through the 1990s. Yet the fear in Africa now was that enhanced super-Power economic relations and the economic reforms in Eastern Europe would lead to the continent's marginalization. Those fears remained real, although he had been encouraged by donor countries' statements in a number of forums that there would be no reduction in assistance to the LDCs, or to Africa in general, as a result of the developments in Eastern Europe. However, even if that proved to be the case, the fundamental problem was that there would be less additionality for Africa, precisely at the time when Africa both needed and deserved it most. Africa must thus seek a new compact or consensus with its partners, East and West, North and South.

40. Many in Africa also feared political conditionality, whereby aid would be the reward for political and economic adjustment. Most Governments now recognized that the priority accorded to the exalted role of the State had contributed to ineffective public sector management, imported consumption patterns, urban bias, and a failure to generate indigenous and sustainable well-being for the majority. African countries understood why so little progress had been made in the 1980s and were now actively seeking new approaches, for which there was already evidence of widespread popular support. In that context, externally imposed political change would be counter-productive.

41. What, then, were the bases for a new coalition for African development? First, recognition must be accorded to the spirit of enterprise, steeped in tradition and fundamental to the survival of the African. The resilience of the rural African population was in fact the success story of the past 20 years, for they had shown themselves responsive to opportunities for survival and growth in the face of countless adversities. Secondly, it must be recognized that that spirit flourished best within an environment that spawned incentives rather than regulations. Evidence abounded of participatory development becoming the centre-piece of economic reform and restructuring, and of small government synonymous with good government. Lessons could be learned from the experience of the informal sector. Thirdly, the African must be placed at the centre of the development effort and viewed as a valuable asset. Economic policies must be sufficiently broad-gauged to provide underpinning for vulnerable groups in society, at least until their productive and entrepreneurial energies were unleashed.

42. He was convinced that it was necessary to concentrate on four main priority areas for Africa's economic and social development in the 1990s. First, the emphasis on enhancing national capacity for economic management must be maintained, focusing on establishing a policy and climate of incentive favourable to investment and enterprise, and particularly Africa's own investment. Possibilities existed for equity financing through joint venture partnerships. UNDP technical co-operation resources should be used to open windows of opportunity for such activities. The initiative would parallel work already under way in the African Management Services Company and Africa Project Development Facility. The capacity to design growth-orientated adjustment programmes and to manage the social sectors needed close attention. Poverty must never become an accepted state in Africa on the threshold of the twenty-first century. UNDP already possessed some instruments required for that task, through Structural Adjustment Advisory Teams for Africa (SAATA), the Management Development Programme (MDP) and national capacity-building projects, reinforced by a forward-looking planning concept. UNDP was also involved with the African Development Bank and the World Bank in the development of the African Capacity-Building Initiative (ACBI). SAATA missions had already led to seminars and special studies in several countries and $24.5 million had been notionally allocated by MDP to Africa.

43. Secondly, UNDP's programme in Africa for the next cycle must incorporate participatory and decentralizing components. Many projects already provided for grass-roots participation, for the empowerment of local communities and women, and for the involvement of NGOs. What was needed was a more comprehensive approach that would ensure that all UNDP-supported activities became vehicles for the promotion of popular participation in development. That would require targeted outreach efforts to the informal sector, both urban and rural. Programmes to foster self-employment, small-enterprise development and technology incubators would be noticeably increased as the fifth cycle approached.

44. For some time past UNDP had been pursuing strategies to ensure that the development contribution of women was given due priority in technical co-operation policies and programmes. In Africa, UNDP had embarked upon a number of far-reaching projects linked, for example, to agricultural production and marketing, credit and enterprise development. Those projects had broader implications in that they were replicable throughout the continent. UNDP expected to achieve greater gender-bonding within its technical co-operation efforts. In Africa, the involvement of women in development should be regarded as a critical factor for sustainable development.

45. Thirdly, UNDP would continue to support, particularly through the regional programme, the goals of African collective self-reliance and regional economic integration. In recent months the economic integration groupings had taken positive steps to revitalize their activities.

46. Fourthly, UNDP would intensify efforts to extend the use of the NATCAP process for the design and management of technical co-operation programmes in Africa. Statistical analysis of bilateral and multilateral technical assistance in the 1980s suggested that its magnitude was betrayed by the paucity of the results achieved. African administrations had often allowed their partners to provide large but unexamined quantities of assistance which

had been poorly understood, poorly managed, and too often ineffective. That had occurred at a time when national civil service structures had collapsed through resource constraints, lack of professionalism, policy vacuums and protracted politicization. Through NATCAPs, UNDP had already seen in a few countries the revitalization of the technical co-operation design and management process, the empowerment of Governments to ensure that such assistance met real needs and did so effectively. Civil service reform was a logical part of that process. It was in that spirit that General Assembly resolution 44/211 could be applied to UNDP programmes in Africa, in the empowerment of national administrations to design and manage technical co-operation, firmly lodged in the national planning process and using to the maximum the skills, competence and physical inputs available locally.

47. Those were the elements of UNDP's approach to supporting revitalized African development in preparation for the twenty-first century.

48. Mr. HAMADZIRIPI (Zimbabwe), speaking on behalf of the African countries members of UNPAAERD, said that they had noted with interest the information on the level of resources for Africa in the fourth cycle. There had been increases in dollar terms but that had not represented any additionality. African delegations were aware that such additionality was difficult to quantify, but they did not wish to create or accept the impression that what was a natural and global increase to the programme should be treated as additionality for UNPAAERD. For the fifth cycle, he would suggest that the Council should consider increasing the resources for NATCAP as well as direct contributions to UNPAAERD. He was concerned that the evaluations requested concerning NATCAPs and the Social Dimensions of Adjustment (SDA) project had not been completed in time for the current session as had been requested in the relevant decision.

49. In section III of document DP/1990/30 the Administrator had addressed specific UNPAAERD themes. The African countries had noted in that connection the considerable attention which UNDP had given to mitigating the social effects of adjustment programmes in Africa. The African countries would be interested to learn from UNDP how it intended to support the implementation of the African Framework for Structural Adjustment (AFSA), which had been endorsed by the international community as a bold indigenous effort to achieve recovery and sustainable development in Africa.

50. Section V of the report had addressed the internalization of UNPAAERD priorities in the various UNDP offices. In that connection the African countries would welcome a report which more fully reflected the impact and contribution of UNDP participation in UNPAAERD meetings.

51. Mr. ABDEL-NASSER (Observer for Egypt) said that the work done in connection with the implementation of UNPAAERD must take account of the priorities set by the African countries themselves, as had been stated at a number of high-level meetings.

52. His delegation supported the increased programme resources allocated to Africa for agricultural and human resource development and for the promotion of services and infrastructure, as well as to UNDP programmes on social adjustment and information exchange relating to development experience. Resources for projects and sectors such as science, technology, energy and education might decline. His delegation considered, however, that those sectors were also essential for African development.

53. Reforms must be conducted in the light of each country's particular conditions and should be formulated as an integral part of the country's long-term efforts, with due account being taken of human and social implications for improved living standards. He agreed with the Assistant Administrator's reference to the dangers implicit in falling commodity prices and the worsening African debt situation, which called for increased external assistance to African Governments.

54. He welcomed increased co-operation between the Arab and African UNDP Bureaux and would like to emphasize that UNPAAERD was intended to cover the whole continent of Africa with, of course, the exception of the racist Pretoria régime. That point had been reaffirmed at the twenty-fifth summit meeting of OAU in 1989. Egypt was playing its part by providing technical assistance for African countries through the Egyptian Fund for Economic Co-operation for African Countries. He hoped that UNDP would increase support for Egypt's efforts in that connection, bearing in mind the appeal made by the African Planning Ministers at their meeting in 1989 for greater use of African experts and training centres.

55. His delegation fully supported the efforts of UNDP to increase the role of African women in development. It also supported the assistance which UNDP was providing to ANC and PAC. It was essential that international resources should be mobilized from whatever source to help newly born Namibia in its efforts to overcome the effects of many years of colonialism.

56. Mr. Hamadziripi (Zimbabwe) took the Chair.

57. Ms. AARNIO (Finland), speaking also on behalf of the delegations of Denmark, Norway and Sweden on the question of UNPAAERD as a whole, said that the Nordic delegations were looking forward to the four evaluation reports deling with the social dimensions of adjustment, NATCAPs, inter-organizational collaboration and structural adjustment advisory teams for Africa.

58. The Nordic delegations would suggest that the 1991 report to the Governing Council on the assessment of UNPAAERD should highlight problems encountered and assessments by the planning ministries of African countries themselves concerning national capacities and potential bottle-necks, as well capacity-building needs in the light of the proposed national execution modality. The inclusion of the views of the countries themselves would be particularly useful against the background outlined in document DP/1990/30, paragraph 34.

59. Mr. HARRISON (United Kingdom) said that, during his introduction of the item, the Director of the Regional Bureau for Africa had referred to the fears of African countries that events in Eastern Europe would lead to diversion of assistance funds from the developing countries to the countries of Eastern Europe. In that connection he would like to say that United Kingdom aid to Eastern Europe was separate from, and additional to, the assistance it provided to the developing countries, and to the African countries in particular.

60. The Director had also referred to the question of political conditionality in relation to aid. That question did not arise in regard to aid provided by the United Kingdom to African countries. He had also referred

to the Human Development Report, 1990, which was a useful tool in considering development issues, particularly in Africa. On page 128 of that report, attention had been drawn to many African success stories.

61. The United Kingdom was continuing to increase its assistance to sub-Saharan Africa. The amount had risen from £250 million in 1984 to over £400 million in 1988. A large proportion of the United Kingdom's multilateral aid was disbursed through the European Community and the World Bank. An increasing proportion of bilateral aid (£100 million in 1988) was being provided in the form of programme aid and balance-of-payments support for the growing number of countries implementing structural adjustment programmes with IMF/World Bank support. £250 million had been pledged in that way to the World Bank's Special Programme of Assistance for Sub-Saharan Africa, covering the period 1988-1990. A follow-up programme to cover the period 1991-1993 was being worked out by the World Bank, in close consultation with recipients and donors. He expected that the United Kingdom would be equally generous in its support of the second programme.

62. His delegation was disappointed that UNPAAERD sought merely neutral relationships with the Bretton Woods institutions, as it would have hoped for even closer co-operation between UNDP and the World Bank and IMF. The World Bank in particular, had been a major instrument in channelling donor funds to Africa through consultative groups. All shared a common aim and must work together to achieve it.

63. His delegation commended the World Bank's Long-Term Perspective Study (LTPS) on sub-Saharan Africa, which had been published in November 1989. The study looked beyond macro-economic issues to real problems, including population, environment, education, health, poverty alleviation and food security; it also underlined the tremendous potential in Africa and provided a timely reminder both that adjustment programmes must be consistent with long-term development objectives and that development must reach all levels of society. It laid great emphasis on human resource development. Action was currently in hand to pursue the recommendations of LTPS.

64. The same study highlighted the severe weakness of the capacity of the African countries in policy analysis and economic management. His delegation therefore welcomed UNDP's joint sponsorship, together with the World Bank and the African Development Bank, of the recently launched African Capacity Building Initiative (ACBI). Much of the technical assistance provided by the United Kingdom had already had an effect in that area, and his delegation welcomed the better co-ordination and more focused approach which ACBI would bring. He was surprised that document DP/1990/30 made no mention of that important initiative. He was also surprised that more emphasis had not been placed in the same document on the need to stress environmental protection when considering development proposals.

65. Mr. FERNANDEZ (Observer for Liberia) said his delegation regretted that the evaluation of NATCAP activities was not yet available. In the absence of that evaluation it was surprising that UNDP should regard NATCAPs as the appropriate instrument to address the poverty dilemma. It was also a matter for regret that no information would be available on the impact of SAATA and MDP before the Council's 1991 session.

66. His delegation would also welcome information on the impact of UNDP participation on UNPAAERD and on whether any evaluation had yet been made of that programme. His delegation hoped that UNDP would implement the findings of the Administrator's report (DP/1990/30).

67. Mr. MUGUME (Observer for Uganda), referring to the evaluations of NATCAPs, SDA and SAATA, said that, while evaluations were expensive, the pay-off was very high. Evaluation would be particularly important in connection with the SAATA project. The aim of that programme was to be achieved through training courses, seminars and workshops on macro-economic policies and negotiation. As the African countries moved towards economic integration, they were finding that their policies had more to do with their neighbouring countries than with people speaking the same language. In the economic field everything must be seen within the context of the subregional grouping.

68. On the question of resources, document DP/1990/30 implied that it would be difficult to mobilize additional resources for UNPAAERD. In the end, resources were provided by Governments and, generally speaking, went to national or regional IPFs. As UNPAAERD had only been initiated after the last allocation of IPFs had taken place, it was the hope of his delegation that additional allocations of resources would be made for the programme in the fifth cycle.

69. Mr. MacARTHUR (United States of America) said that his delegation welcomed a number of UNDP initiatives to support the adjustment efforts of member countries, as it viewed economic adjustment as one of the critical elements in bringing about the conditions necessary to allow economic growth to take place in Africa.

70. Although it had been delayed, the SAATA had much potential for providing African Governments with the vital assistance required to enable them to enhance their own capacities to develop and manage effective macro-economic adjustment programmes. His delegation encouraged continued vigorous support of the SAATA programme by UNDP. His delegation continued to observe with interest the Social Dimensions of Adjustment (SDA) programme as it helped to improve understanding of the implications and effects of structural adjustment. The closely related research effort being undertaken by Cornell University was probing similar questions, and his delegation welcomed the healthy exchange of information between those two projects. The NATCAP programme was producing valuable results, fulfilling to a large extent the hopes aroused by that programme since its inception. His delegation would encourage African Governments and their partners to take the next step and make NATCAPs a viable planning tool and co-ordinating mechanism for planning technical assistance allocations within country programmes.

71. His delegation again commended the UNDP management for ensuring that women-in-development considerations were addressed in all projects submitted to headquarters for approval. That process was a vital element in ensuring that projects matched the policies concerning women and development which all members had adopted.

72. Mr. GABRIEL (International Bank for Reconstruction and Development) said that the Bank was pleased to be a partner with UNDP, the African Development Bank and ECA in a number of programmes and initiatives concerning Africa,

including those within the UNPAAERD framework. He appreciated the comments of the representative of the United Kingdom encouraging World Bank-UNDP collaboration. In that connection, the Bank's Vice-President for Africa gave high priority to such collaboration in many areas. The Director of the Regional Bureau for Africa had drawn attention to the need to support revitalized African development in preparation for the twenty-first century. Within that process the Bank looked forward to continuing collaboration with UNDP in supporting African development.

73. Mr. BACAR (Mozambique) reiterated his delegation's full support for current UNDP engagement in assisting African countries in the implementation of UNPAAERD and, in that connection, urged UNDP to expand and strengthen its support in the future.

74. His delegation was pleased that some of the ideas resulting from the meetings between UNDP and African Planning Ministers were being translated into practical initiatives and projects. In the context of the task given to UNDP to strengthen its support to African countries through national capacity-building in the areas of macro-economic management and policy formulation, his delegation welcomed the SAATA and SDA projects, the NATCAPS and round-table exercises, and the project for strengthening planning capacities in African countries. Those projects and initiatives were practical answers to specific issues raised regarding UNPAAERD and should therefore be vigorously pursued with appropriate financial backing to be provided through allocations for the fifth cycle. It was of the utmost importance that the formulation of those projects should be accelerated. They should be viable and operationally sound at the field level, allowing more African countries to have access to and benefit from them. His delegation commended UNDP for its open-minded attitude to the improvement of NATCAPs in the light of accumulated experience, and in particular to measures aimed at the management and full internalization of the process by the recipient Government. His delegation hoped that future documents evaluating SDA, SAATA and NATCAPs would be made available to members at an early date for the purposes of in-depth preparation and more active assessment.

75. There were two other areas in which UNDP should explore new avenues: (a) a more effective role for UNDP in resource mobilization through sectoral and thematic meetings as well as technical assistance in pre-investment projects, particularly to productive sectors and infrastructures identified by UNPAAERD; and (b) support and reinforcement of mechanisms for the regional exchange of development experience, including promotion of TCDC among African countries. In conclusion, he expressed his delegation's appreciation for the work of all staff members of the Regional Bureau for Africa.

76. Mr. DE BEER (Netherlands) said that his delegation was satisfied with the performance of UNDP in the UNPAAERD activities. At a time when various needs and regions had to compete for scarce resources, Africa had received an increased percentage of UNDP funds.

77. In his delegation's opinion, more resources should in the near future go to the poorest countries, in particular the LDCs. His Government had adopted that approach in its own bilateral assistance by focusing its aid primarily on the African region. To underscore its commitment to Africa, his Government had convened a meeting to be held in Maastricht from 2 to 4 July at which the main subject of discussion would be ways in which assistance to Africa could

be significantly improved. The conference would be co-chaired by the President of Botswana and by Mr. McNamara, the former President of the World Bank. The participants would also address such issues as: how to improve co-operation and mutual support between African countries; what steps could be taken to make the role of Governments more efficient; what measures would result in more effective production and economic growth, without causing serious damage to the environment; how to initiate a process of sustainable development based on the interests of the African people themselves; and in what ways the impact of development projects and programmes could be increased.

78. A number of recent studies had shown that previous attempts to bring about structural social and economic change in Africa through aid efforts had consistently failed. Although that had been partly due to the failure of many countries to make the necessary reforms in internal policy, the lack of success must also be attributed to external factors, such as the fall in commodity prices, the increasing foreign debt burden, and the decreasing net flow of both public and private capital. Unfavourable climatic conditions, such as drought and desertification, had also contributed to those problems.

79. In its report on sub-Saharan Africa "From crisis to sustainable growth", the World Bank described the causes and effects of the crisis in Africa more critically than ever before. Furthermore, the report indicated that a number of elements in the Bank's adjustment programmes to steer the African countries out of the crisis had had painful consequences for the poorer sections of the population.

80. In its study "An African alternative framework to structural adjustment programmes for socio-economic recovery and transformation", ECA also indicated that new solutions were needed to resolve Africa's problems. The study added that the African countries themselves must be given an opportunity to formulate and carry out development programmes.

81. Referring to paragraph 22 of document DP/1990/30, he noted that a large number of African countries had requested assistance from SAATA and that six countries had been chosen. His delegation would welcome information on how countries were selected and on the disparity between the number of requests and the number of countries ultimately chosen. Lastly, he referred to the third sentence of paragraph 24 and expressed the hope that, where possible, SAATA would make use of local consultants.

82. Mr. MALMIERCA (Cuba) said that his delegation supported the work of UNDP in Africa; it must help to deal with the various problems confronting the region. It was essential that that co-operation should be carried out with due regard to the specific characteristics of each country and its development priorities. He stressed the need to use assistance from other sources as well and to avoid the attachment of conditions to aid.

83. His delegation welcomed the positive results achieved through UNDP assistance to national liberation movements in 1989 and supported the recommendations of the Administrator, as set out in paragraph 36 of document DP/1990/29. The newly independent State of Namibia required greater assistance from the United Nations system. All delegations had listened with interest to the statement made by the Prime Minister of Namibia at the fortieth commemorative anniversary of multilateral technical co-operation and had noted his appeal for renewed international co-operation, particularly with

the LDCs. Paragraph 4 of document DP/1990/37 highlighted the striking difference between the income level of the white population and that of the black population, a difference which was clearly a result of the colonial period. His delegation fully supported the level of resources proposed by the Administrator for Namibia during the fourth cycle, together with the recommendation contained in paragraph 8 of that document.

84. Mr. MWALE (Observer for Zambia) said that in April 1990 the General Assembly had convened a special session to work out a consensus declaration concerning the future of economic co-operation. A consensus had been reached and the Assembly had adopted a draft declaration, which covered four areas of international co-operation: the external debt crisis as it affected the investment capacity of developing countries; the commodity crisis and its effects on terms of trade; expanded aid flow, a vital component of national institution capacity-building and restructuring; and the transfer of technology as a vehicle for economic transformation. The declaration was highly relevant to Africa. It was supported by all donors and should be the basis for assistance to the African region, which was fast becoming economically marginalized. The number of LDCs was increasing in Africa, and his own country was in the process of falling into that category.

85. He appealed to the Administrator to consider the situation of the African countries and hoped that the UNPAAERD projects would initiate a change in the region. UNPAAERD had not achieved much, largely because while the African countries had contributed their share, the donor community had not done so. In conclusion, he appealed for co-operation by the international community and stressed that the African community was prepared to play its part.

86. Mr. Popescu (Romania) resumed the Chair.

87. Mr. MacDONALD (Australia) said that his delegation supported UNDP's continuing role in UNPAAERD. It noted and welcomed the attention given to women in recognition of their dominant role in the critical sectors of agriculture and food production in Africa. UNPAAERD was essentially a multilateral assistance mechanism. Australia provided assistance to a number of countries in southern Africa, including support to reduce their economic dependence on South Africa and to strengthen their food security.

88. Mr. MacARTHUR (United States of America), referring to paragraph 25 of document DP/1990/29, noted that only the Pan Africanist Congress of Azania (PAC) had drawn funds in 1989. However, the approved budget on page 9 indicated an amount of $56,000 and his delegation would like to know whether the larger figure in paragraph 25 covered all three African national liberation movements or merely PAC.

89. Mr. KRAMER (Canada) said that his delegation supported UNDP's participation in UNPAAERD and expressed appreciation for the leadership provided by the Regional Bureau for Africa.

90. Mr. DAMIBA (Director, Regional Bureau for Africa) said that on the question of additionality two things were certain: the relative increase in the resources of the Programme, and their allocation to UNDP programmes and projects for Africa. In terms of direct additionality, UNDP had not proceeded to make special allocations for Africa. That was a matter which could be dealt with within the context of the fifth programming cycle.

91. A question frequently raised by delegations concerned the fact that the reports on the evaluation of the Social Dimensions of Adjustment (SDA) and SAATA programmes and the NATCAPs were not available. UNDP could of course have produced the reports rapidly but the three programmes had assumed such dimensions that UNDP had wished to present the Council with reports of the highest possible standard. It was important to take the time necessary to make an in-depth evaluation. Consequently, together with the services entrusted with evaluating the programmes, the Bureau had developed a methodology that made it possible to present the Council with reports of outstanding quality.

92. With regard to the NATCAPs, UNDP had begun an evaluation process at a major meeting in Malawi with representatives of all countries which had already undertaken a NATCAP project or intended to do so shortly. Among the results achieved had been the adoption of a common methodology for NATCAPs in Africa. Eleven countries had accordingly been added to the 10 which had been the first to undertake NATCAPs on a pilot basis. Consequently, there were 21 countries which would serve as a basis for evaluation and enable the Bureau to submit to the Council an evaluation report based on a sufficiently representative sampling. Since the process was under way, the Bureau was confident that an evaluation report on NATCAPS would be available by December 1990 at the latest. It would cover all aspects of NATCAPs, including such related issues as civil service reform, utilization of national personnel and incentives to be introduced to induce officials to increase production.

93. With regard to the question of adjustment, the Bureau had initiated a project with the World Bank and the African Development Bank. There were at present 30 countries involved in the project. It had been agreed that a conceptual framework paper was required in order to define a methodology and identify policies that would make it possible to correct the negative effects of adjustment programmes. The framework paper had been approved by the African Governments in December 1989 in Yaoundé. The Bureau had been working on the project since December and had produced a memorandum of understanding between the World Bank, UNDP and the African Development Bank. He was certain that the evaluation report would be available by September, for consideration by the Council in February 1991.

94. The SAATA project had got off to a late start. The Bureau had started with a preparatory assistance programme involving three countries with a view to defining a modus operandi. At the present time, 11 countries were participating in the project. There were no criteria for selecting countries and the Bureau operated on a first-come, first-served basis. No distinction was made between countries speaking English, French or Portuguese. In that regard, he drew attention to a project being carried out at the African Centre for Monetary Studies in Dakar, which was multilingual in nature.

95. In reply to a point made by the observer for Egypt, he said that there was close co-operation between the Regional Bureaux for Africa and for the Arab States and Europe. They had participated together in a meeting of ECA Planning Ministers in Tripoli and consulted one another regularly to ensure that projects would benefit all African countries.

96. In reply to a question by the representative of Uganda, he said that there was a regional SAATA, but UNDP was in the process of developing national SAATAs at the request of Governments. In connection with the question by the

United States representative concerning national liberation movements, he would provide a reply at a later meeting when that topic was taken up. He welcomed the World Bank's comments on its co-operation with UNDP on a number of projects.

97. On the point raised by the representative of Mozambique concerning resource mobilization, he said that UNDP projects had generated cost-sharing in the amount of $114 million. With regard to TCDC, it should be noted that a mission had been organized in Namibia, Zimbabwe, Tanzania and the Côte d'Ivoire in order to obtain information on the key sectors of land and water resources management. In reply to the question raised by the Netherlands representative concerning the criteria used in meeting requests for SAATA assistance, he said that assistance was given solely if there was a nucleus of local civil servants, consultants or experts who could work on the project.

98. The PRESIDENT said that, if there was no objection, he would take it that the Council wished to request the Drafting Group to prepare a draft decision on the questions just discussed.

99. It was so decided.

The meeting rose at 1.05 p.m.